

November 6, 2018

The Vice President - Listing  
National Stock Exchange of India Limited  
'Exchange Plaza'. C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400 051

The General Manager  
Corporate Relationship Department,  
BSE Limited,  
P.J. Towers, Dalal Street, Fort,  
Mumbai - 400 001

Dear Sir/Madam,

**Sub:** Meeting of Equity Shareholders and Secured Creditors of Bharat Financial Inclusion Limited ("the Company") convened as per the directions of the National Company Law Tribunal, Mumbai Bench ("Hon'ble Tribunal").

Disclosure under Regulation 30 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is with reference to our intimation dated November 1, 2018 informing about the order dated October 31, 2018 passed by the Hon'ble Tribunal in Company Scheme Application No. 922 of 2018 ("Order") directing the Company to convene the separate meetings of its equity shareholders and the secured creditors on Tuesday, December 11, 2018, for the purpose of considering and approving the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited (the Company), IndusInd Bank Limited, the Company and IndusInd Financial Inclusion Limited and their respective shareholders and creditors ("Scheme").

As directed by the Hon'ble Tribunal, the meetings of the equity shareholders and secured creditors of the Company will be held at the day, date, time and place mentioned herein below.

	<b>Equity Shareholders Meeting</b>	<b>Creditors Meeting</b>
<b>Day</b>	Tuesday	Tuesday
<b>Date</b>	December 11, 2018	December 11, 2018
<b>Time</b>	11.00 a.m. (IST)	2.30 p.m. (IST)
<b>Venue</b>	First Floor, Boundary Hall, Mumbai Cricket Association, Recreation Centre, Mumbai, Maharashtra - 400051	Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra - 400051

...2/-





**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

-: 2 :-

A copy of each of the Notice of the meetings of the equity shareholders and the secured creditors along with Explanatory Statement under Section 230(3), Section 232(2) read with Section 102 of the Companies Act, 2013, Attendance Slip, Proxy Form and other documents sent to the equity shareholders and the secured creditors of the Company were sent to you vide our letter dated November 5, 2018 and the same are also attached hereto. The above mentioned documents are also available on the websites of the Company - [www.bfil.co.in](http://www.bfil.co.in) and Karvy Computershare Private Limited - <https://evoting.karvy.com>.

On November 6, 2018, the Company has completed the dispatch of the notice along with the explanatory statement in physical form through permitted mode to the equity shareholders who have not registered their e-mail ids with depositories/ Registrar and Share Transfer Agent/the Company. Equity shareholders who have registered their e-mail id for this purpose have been served with notice on their e-mail id registered with depositories/ Registrar and Share Transfer Agent/ Company on November 6, 2018. The notice has been sent to all the equity shareholders whose names appear in the Register of Members/ Beneficial Owners as per the details furnished by the Depositories as on Friday, October 26, 2018 ("Cut-off Date").

The Company has on November 6, 2018 completed the dispatch of the notice along with the explanatory statement to the Secured Creditors of the Company in physical form through permitted mode. The notice has been sent to all the secured creditors existing as on August 31, 2018 as per the Company's books of accounts on such date.

In order to have wider participation in the approval process, the Company has provided the following facilities to the Equity Shareholders to exercise their right to vote at the Meeting:

- (a) Electronic Voting
- (b) Postal Ballot and
- (c) Voting at the Meeting by ballot.

The period for Remote e-voting and Postal Ballot for voting by Equity Shareholders is as follows:

Start date and Time	Saturday, November 10, 2018 at 9.00 a.m.
End date and Time	Monday, December 10, 2018 at 5.00 p.m.

...3/-







**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

-: 3 :-

The voting by the Secured creditors to the Scheme shall be carried out by poll at the venue of their meeting.

The voting rights of equity shareholders shall be in proportion to their equity shareholding in the Company as on the close of business on the Cut-off Date. The voting rights of the Secured Creditors shall be in proportion to the principal amount due to them as on closure of business hours on Friday, August 31, 2018.

We request you to take the above on record and also request you to host the copy of the scheme on your website as per the Order.

Thanking you,

Yours faithfully,

For **Bharat Financial Inclusion Limited**

**Rajendra Patil**  
Sr. EVP - Legal & Company Secretary



Encl: As above



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

## **BHARAT FINANCIAL INCLUSION LIMITED**

**Corporate Identity No. (CIN):** L65999MH2003PLC250504

**Registered Office:** Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India

**Head Office:** 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh, Begumpet,

Hyderabad 500016, Telangana, India

**Tel. No.:** +91 22 26592375 / +91 40 44526000; **Fax No.:** +91 22 26592375 / +91 40 44526001

**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

### **MEETING OF THE EQUITY SHAREHOLDERS OF BHARAT FINANCIAL INCLUSION LIMITED CONVENED AS PER THE DIRECTION OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

#### **NOTICE TO EQUITY SHAREHOLDERS**

<b>Day</b>	Tuesday
<b>Date</b>	December 11, 2018
<b>Time</b>	11.00 a.m. (IST)
<b>Venue</b>	First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, India

#### **POSTAL BALLOT AND E-VOTING**

<b>Commencing on</b>	Saturday, November 10, 2018 at 9.00 a.m. (IST)
<b>Ending on</b>	Monday, December 10, 2018 at 5.00 p.m. (IST)

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

<b>Bharat Financial Inclusion Limited</b> ) [CIN: L65999MH2003PLC250504], a company incorporated ) under the Companies Act, 1956 and having its registered ) office at Unit No. 410, Madhava, Bandra-Kurla Complex, ) Bandra (East), Mumbai 400051, Maharashtra, India )	) ... Applicant Company
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**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF  
BHARAT FINANCIAL INCLUSION LIMITED, THE APPLICANT COMPANY**

**(Form No. CAA2)**

To,

**The Equity Shareholders of Bharat Financial Inclusion Limited ("the Company")**

**TAKE NOTICE** that by an Order dated October 31, 2018 in the above mentioned Company Scheme Application ("**Order**"), the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**" or "**NCLT**") has directed that a meeting of the equity shareholders of the Company, be convened and held at First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, India, on Tuesday, December 11, 2018 at 11.00 a.m. (IST) to consider, and, if thought fit, to approve with or without modification(s), the proposed Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**").

**TAKE FURTHER NOTICE** that in pursuance of the Order and as directed therein, a meeting of the equity shareholders of the Company, will be held at First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, India, on Tuesday, December 11, 2018 at 11.00 a.m. (IST) ("**Meeting**"), at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that in compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India, the Company has provided the facility of voting by postal ballot and e-voting so as to enable the equity shareholders to consider and approve the Scheme by way of a resolution (as mentioned below). Accordingly,

voting by equity shareholders of the Company to the Scheme will be carried out through (a) postal ballot; (b) remote e-voting; and (c) ballot at the venue of the Meeting. The equity shareholders may refer to the 'Notes' to this Notice for further details on postal ballot and remote e-voting.

**TAKE FURTHER NOTICE** that a copy of the Scheme, Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Form of Proxy, Attendance Slip, Postal Ballot Form and other annexures as stated in the Index are enclosed herewith. A copy of the Scheme and the Explanatory Statement can be obtained free of charge at the registered office of the Company.

The Hon'ble Tribunal has appointed Mr. Jyotin Mehta, an Independent Professional, FCS, FCA and FCMA, failing him, Mr. Abeezer E. Faizullahoy, Advocate, Senior Partner, Hemant Sahai Associates to be the Chairperson of the Meeting.

The above Scheme, if approved by the equity shareholders, will be subject to the subsequent approval of the Hon'ble Tribunal, secured creditors and other permissions/consents.

The voting rights of the equity shareholders shall be in proportion to their equity shareholding in the Company as on the close of business on Friday, October 26, 2018 ("Cut-off Date").

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolution under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

***"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other Rules, Circulars and Notifications made thereunder as may be applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017 issued by the Securities and Exchange Board of India read with observation letters issued by National Stock Exchange of India Limited and BSE Limited dated June 1, 2018 and June 4, 2018 respectively and the relevant provisions of the other applicable laws, and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Mumbai Bench of the National Company Law Tribunal ("Hon'ble Tribunal"), and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("Applicant Company" or "Company" or "Amalgamating Company"), IndusInd Bank Limited ("Amalgamated Company") and IndusInd Financial Inclusion Limited ("Transferee Company") and their respective shareholders and creditors ("Scheme"), that is being circulated along with the Notice and a copy thereof duly initialed by the chairperson for the purpose of identification is also placed at the meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under*



*law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper and delegate all or any of its powers herein conferred to any Director(s) and/ or officer(s) of the Company, to give effect to this resolution, if required, as it may be in its absolute discretion deem it necessary or desirable."*

Sd/-  
**Jyotin Mehta**  
Chairperson Appointed for the Meeting

Date: November 2, 2018

Place: Mumbai

**Registered Office:**

Bharat Financial Inclusion Limited

**CIN:** L65999MH2003PLC250504

Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India

**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

**Notes:**

1. Explanatory Statement pursuant to Section 230(3), Section 232(2) read with Section 102 of the Companies Act, 2013 to the Notice of the Meeting of the Equity Shareholders of the Applicant Company convened as per the directions of the Hon'ble Tribunal is annexed hereto.
2. Only registered equity shareholders of the Company may attend and vote either in person or by proxy (a proxy need not be an equity shareholder of the Company) or in the case of a body corporate or Registered Foreign Portfolio Investors ("RFPI") or Foreign Institutional Investors ("FII"), by a representative authorized under Section 113 of the Companies Act, 2013, at the Meeting. The authorized representative of a body corporate/ RFPI/ FII which is a registered equity shareholder of the Company may attend and vote at the Meeting, provided that a copy of the resolution of the board of directors or other governing body of the body corporate/ RFPI/ FII or any other appropriate authorisation document authorising such representative to attend and vote at the Meeting, duly certified to be a true copy by a director, manager, secretary or other authorised officer of such body corporate/ RFPI/ FII, is deposited at the registered office/ head office of the Company preferably not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.
3. **AN EQUITY SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A EQUITY SHAREHOLDER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE MEETING.**
4. A form of proxy is enclosed to this Notice. No instrument of proxy shall be valid unless:
  - (i) it is signed by the equity shareholder or by his/her attorney duly authorised in writing or, in the case of joint holders, it is signed by the equity shareholder first named in the Register of Members or his/ her attorney duly authorised in writing or, in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing; provided that an instrument of proxy shall be sufficiently signed by any equity shareholder, who for any reason is unable to write his/ her name, if his/ her thumb impression is affixed thereto, and attested by a judge, magistrate, registrar or sub-registrar of assurances or other government gazetted officers or any officer of a nationalised bank, and
  - (ii) it is duly filled, stamped, signed and deposited at the registered office/ head office of the Company not less than 48 (forty eight) hours before the time fixed for the meeting, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Company/ Registrar & Share Transfer Agent.

- (iii) All alterations made in the Form of Proxy should be initialled. The form of proxy can be obtained free of charge from the registered office of the Company.
5. As per Section 105 of the Companies Act, 2013 and the rules made thereunder, a person can act as a proxy on behalf of not more than 50 (fifty) equity shareholders holding in aggregate, not more than 10% (ten percent) of the total share capital of the Company carrying voting rights. Equity shareholders holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or equity shareholder.
  6. It is further clarified that the proxies can only vote through ballot at the venue of the Meeting and not through any other mode. A minor cannot be appointed as a proxy.
  7. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours (10.00 a.m. to 6.00 p.m.) of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
  8. Equity shareholders or his/ her Proxy are requested to bring the copy of this Notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the venue of the Meeting.
  9. Equity shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID number for easy identification of attendance at the Meeting.
  10. Equity shareholders are informed that in case of joint holders attending the Meeting, only such joint holder whose name stands first in the register of members of the Company/ list of beneficial owners as received from Karvy Computershare Private Limited ("**KCPL**"), Registrar & Share Transfer Agent in respect of such joint holding, will be entitled to vote.
  11. The Notice, together with the documents accompanying the same, is being sent to all the equity shareholders, whose names appeared in the register of members/ list of beneficial owners as received from KCPL as on Friday, October 26, 2018. The Notice will be displayed on the website of the Company at [www.bfil.co.in](http://www.bfil.co.in) and on the website of KCPL at <https://evoting.karvy.com>.
  12. In compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") issued by the Securities and Exchange Board of India, the Company has provided the facility of voting by postal ballot and e-voting (through e-voting services provided by KCPL) so as to enable the equity shareholders to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, voting by equity shareholders of the Company to the Scheme will be carried out through (a) postal ballot; (b) remote e-voting; and (c) ballot at the venue of the Meeting.
  13. The quorum of the Meeting shall be 30 (thirty) equity shareholders present in person.
  14. Equity shareholders can opt only for one mode of voting. If any equity shareholder has opted for remote e-voting, then he/ she should not vote by postal ballot and vice-versa. However, in case equity shareholders cast their vote both through postal ballot and remote e-voting, then voting through remote e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
  15. It is clarified that the equity shareholders may cast their votes either by postal ballot or remote e-voting and casting of votes by postal ballot or remote e-voting does not disentitle them from attending the Meeting. Equity shareholders after exercising their right to vote through postal ballot or remote e-voting shall not be allowed to vote again at the Meeting.
  16. Voting rights shall be reckoned on the paid-up value of the shares registered in the name(s) of the equity shareholders as on the Cut-off Date, i.e. Friday, October 26, 2018. Persons who are not equity

shareholders of the Company as on the Cut-off Date should treat this Notice for information purposes only.

17. The voting period for voting through postal ballot and remote e-voting shall commence on and from Saturday, November 10, 2018 at 9.00 a.m. and end on Monday, December 10, 2018 at 5.00 p.m.
18. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three-fourth in value of the Equity Shareholders of the Company, voting in person or by proxy at the meeting or by postal ballot or by remote e-voting (all taken together in aggregate), agree to the Scheme.
19. The Company has engaged the services of KCPL for facilitating e-voting for the Meeting. Equity shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 32 below.
20. A postal ballot form along with self-addressed postage pre-paid business reply envelope is also enclosed. In case of Equity Shareholders who have received the notice by e-mail, a postal ballot form along with self-addressed postage pre-paid business reply envelope is being posted separately to them.
21. In case any equity shareholder is desirous of obtaining a printed duplicate postal ballot form, he or she may send an e-mail to [evoting@karvy.com](mailto:evoting@karvy.com). The Registrar and Share Transfer Agent shall forward the same along with self-addressed postage pre-paid business reply envelope to the said equity shareholder.
22. Equity shareholders are requested to carefully read the instructions printed in the postal ballot form and return the postal ballot form duly completed with assent (FOR) or dissent (AGAINST), in the attached business reply envelope, so as to reach the scrutinizer on or before Monday December 10, 2018 at 5.00 p.m. (IST). Postal ballot form, if sent by courier or by registered post/ speed post at the expense of the equity shareholder shall also be accepted. Any postal ballot form received after the aforesaid date and time period shall be treated as if the reply from the equity shareholder has not been received.
23. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected by the scrutinizer.
24. The vote on postal ballot cannot be exercised through a proxy.
25. There will be only 1 (one) postal ballot form for every registered folio/ client ID irrespective of the number of joint equity shareholders.
26. No other form or photocopy of the form is permitted.
27. The postal ballot form should be completed and signed by the equity shareholders (as per specimen signature registered with the Company and/ or furnished by the Depositories). In case, shares are jointly held, this form should be completed and signed by the first named equity shareholder and, in his/ her absence, by the next named equity shareholder. Holder(s) of Power of Attorney ("**PoA**") on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, trusts, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorisation giving the requisite authority to the person voting on the postal ballot form.
28. As directed by the Hon'ble Tribunal, Mr. K. V. S. Subramanyam (Membership No. F5400), failing him Mr. A. Ravi Shankar (Membership No. F5335) of M/s. Ravi & Subramanyam, Practicing Company Secretaries, shall act as scrutinizer to scrutinize votes exercised either electronically through remote e-voting or on postal ballot or by ballot at the venue of the Meeting and shall submit a report on votes cast to the Chairperson of the Meeting or to the person so authorised by him within 48 (forty eight) hours from the conclusion of the Meeting. The scrutinizer's decision on the validity of the vote (including e-votes) shall be final.



29. The result of the voting shall be announced on or before Thursday, December 13, 2018 upon receipt of scrutinizer's report and same shall be displayed on the website of the Company at [www.bfil.co.in](http://www.bfil.co.in) and on the website of KCPL at <https://evoting.karvy.com/> besides being sent to BSE Limited and National Stock Exchange of India Limited on the said date.
30. The Notice convening the aforesaid Tribunal Convened Meeting will be published through advertisement in Pan-India edition of 'Indian Express' in English language and Marathi translation in 'Loksatta' (Maharashtra edition).
31. All relevant documents referred to in the above Notice and other documents required to be open for inspection are open for inspection by the Equity Shareholders of the Company at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra between 10:00 a.m. to 12:00 noon on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.
32. The instructions for equity shareholders for remote e-voting are as under:
- A. In case of equity shareholders receiving an e-mail of the Notice from KCPL [for equity shareholders whose e-mail IDs are registered with the Company/ Depository Participant(s)]:
- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com/>.
  - (ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 4339 followed by folio number. In case of demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KCPL for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering these details appropriately, click on "LOGIN".
  - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the "EVENT" i.e., (Bharat Financial Inclusion Limited).
  - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - (viii) Equity shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".

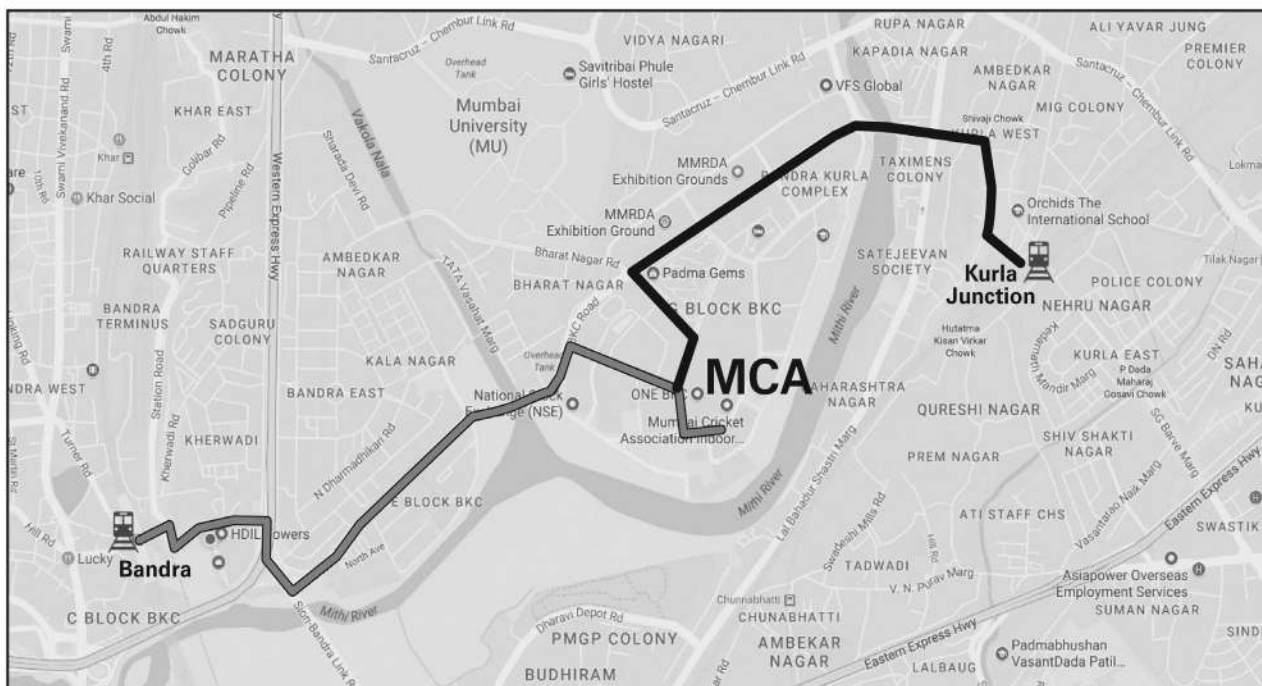
- (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, equity shareholders can login any number of times till they have voted on the resolution(s).
  - (xii) Corporate/ Institutional Equity Shareholders (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the board resolution/ authority letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at e-mail ID: [kvs@rscs.in](mailto:kvs@rscs.in) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_EVENT NO.”
- B. In case of equity shareholders receiving a physical copy of the Notice [for equity shareholders whose email IDs are not registered with the Company/ Depository Participant(s)]:
- (i) User ID and initial password as aforesaid.
  - (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

In case of any query pertaining to remote e-voting, please visit Help and FAQ’s section of <https://evoting.karvy.com/> (KCPL’s website).

33. In case of any queries relating to remote e-voting, equity shareholders can visit the “Help & FAQs” section of the website of Karvy at <https://evoting.karvy.com/>. Any grievances or queries of the equity shareholders in relation to the remote e-voting can be addressed to the Company’s Registrar and Share Transfer Agent, Mrs. C. Shobha Anand, Deputy General Manager, Contact No.: +91 40 67162222/ 67161566, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 or to the Company Secretary at the Registered office of the Company.

**Route Map to the Venue of the Meeting**

First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, India



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

<b>Bharat Financial Inclusion Limited</b> ) [CIN: L65999MH2003PLC250504], a company incorporated ) under the Companies Act, 1956 and having its registered office ) at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra ) (East), Mumbai 400051, Maharashtra, India ) ... Applicant Company
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**EXPLANATORY STATEMENT UNDER SECTION 230(3) AND SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016, TO THE NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY.**

1. This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of the Company ("**Meeting**"), pursuant to the Order dated October 31, 2018 ("**Order**") passed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**" or "**NCLT**") in the Company Scheme Application No. 922 of 2018, referred to hereinabove, to be held at First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 11.00 a.m. (IST) for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**").
2. A copy of the Scheme is enclosed herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from Appointed Date (i.e. January 1, 2018) but shall be made operative from the Effective Date (as defined in the Scheme).
3. This statement is being furnished as required under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
4. The Hon'ble Tribunal, by its aforesaid Order, has held that the value and number of the shares of the equity shareholders shall be in accordance with the books/ register of the Company or depository records and where the entries in the books/ register/ depository records are disputed, the Chairperson of the Meeting shall determine the value for the purposes of the Meeting and the decision of the Chairperson in that behalf would be final.
5. The aforesaid Order will be available for inspection at the registered office of the Company at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India from 10:00



a.m. to 12:00 noon, on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.

## 6. Background of Companies

6.1. The Company was incorporated as a private limited company on September 22, 2003, under the Companies Act, 1956, under the name and style of 'SKS Microfinance Private Limited' vide certificate of incorporation dated September 22, 2003 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Consequent to change of status from private to public company, and consequential change in name from 'SKS Microfinance Private Limited' to 'SKS Microfinance Limited' a fresh certificate of incorporation dated May 20, 2009 was issued by Assistant Registrar of Companies, Andhra Pradesh. Consequent to change of place of registered office from Andhra Pradesh to Maharashtra, a fresh certificate of incorporation dated December 10, 2013 was issued by Registrar of Companies, Mumbai. Consequent to change of name from 'SKS Microfinance Limited' to 'Bharat Financial Inclusion Limited', a fresh certificate of incorporation dated June 13, 2016 was issued by Registrar of Companies, Mumbai. The PAN and CIN of the Company are AAICS2940J and L65999MH2003PLC250504 respectively. The email address of the Company for the purpose of this matter is [complianceofficer@bfil.co.in](mailto:complianceofficer@bfil.co.in). Apart from the abovementioned changes, there has been no change in the name and registered office of the Company during the last five years.

6.2. The authorised, issued, subscribed and paid-up share capital of the Company as on September 30, 2018 is as under:

Particulars	Amount in INR
<b>Authorized Capital</b>	
15,70,00,000 Equity Shares of INR 10 each	157,00,00,000
1,30,00,000 preference shares of INR 10 each	13,00,00,000
<b>Total</b>	<b>170,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
14,00,85,010 Equity Shares of INR 10 each fully paid-up*	140,08,50,100
<b>Total</b>	<b>140,08,50,100</b>

\*As on September 30, 2018, the Company had 50,67,413 outstanding employee stock options under its existing stock options scheme, exercise of which may result in an increase of up to 50,67,413 equity shares in the issued and paid up share capital of the Company.

6.3. The Company is a public limited company and its equity shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Ltd. ("NSE").

6.4. The Company is engaged primarily in the business of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income generating activities and certain non financial, non lending activities which comprise origination, servicing and collection of loans as a business correspondent of the Amalgamated Company as well as provision of other products and services.

6.5. The details of Directors of the Company as on date of this notice along with their address are mentioned herein below:

S.No.	Name of Directors	DIN	Category	Address
1.	Mr. P. H. Ravikumar	00280010	Non-Executive Chairman & Independent Director	501, Yashowan Towers, Behind Mahim Post Office, T. H. Kataria Marg, Mahim (West), Mumbai 400016, Maharashtra, India
2.	Mr. Ashish Lakhnpal	02410201	Director	5907 Kirby Road Bethesda, MD 20817, United States of America

S.No.	Name of Directors	DIN	Category	Address
3.	Mr. S. Balachandran	01962996	Independent Director	Plot No. 198, Flat No. 301, Kunda Residency, Street No. 4, Opp. Indian Overseas Bank, West Maredpally, Nehrunagar, Hyderabad 500026, Telangana, India
4.	Mr. Geoffrey Tanner Woolley	00306749	Independent Director	88, Weona Road, North Attleboro, MA 02760, United States of America
5.	Mr. M.R. Rao	03276291	Managing Director & CEO	Plot No. 23, Ashwini Layout, Jubilee Hills, Near Andhra Jyoti Office, Hyderabad 500033, Telangana, India
6.	Dr. Punita Kumar-Sinha	05229262	Independent Director	51, Gate House Road, Chestnut Hill, MA 02467, Massachusetts, United States of America
7.	Mr. Rajender Mohan Malla	00136657	Independent Director	C-4/19, Safdarjang Development Area, Hauz Khas, New Delhi 110016, India
8.	Mr. Sanjay Jain	02559601	Nominee Director - SIDBI	906, SIDBI Officer, Appt. 25, Veera Desai Road, Andheri (W), Mumbai 400053, Maharashtra, India
9.	Dr. Tarun Khanna	01760700	Independent Director	66, Druid Hill Road, Newton 02461, United States of America

6.6. The details of Promoters of the Company as on the date of notice along with its address are mentioned herein below:

Name of Promoters	Category	Address
Kismet Microfinance	Promoter	3rd Floor, Harbour Front Building, President John Kennedy Street, Port Louis, Mauritius

6.7. As on date of this notice, the Company has no unsecured creditors.

6.8. The objects for which the Company has been established are set out in its Memorandum of Association. The relevant objects are set out hereunder:

- “1. To reduce poverty in India, by carrying on the business of providing Microfinance services (mainly Non Banking financial services as permitted by the Reserve bank of India) exclusively to large number of poor men and women directly or indirectly, and thus to help them and their families out of poverty and improve their standard of living.
2. To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of:
  - (i) agricultural development (which term includes, inter alia, land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture),
  - (ii) industrial development (which term includes, inter alia, agro-processing, mining and quarrying utilities (including water, power and renewable sources of energy) manufacturing, (including handicrafts, construction, trade and distribution, transport, and services of all kinds),
  - (iii) market linkage development (which term includes, inter alia, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs),

(iv) *habitat development (which term includes, inter alia, purchase, construction, upgradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes),*

*but exclusively targeted to the poor men and women in generation and enhancement of livelihoods in India.”*

3. *To provide collateral free credit to poor men and women, deliver credits, thrift and savings, insurance and other financial services to them in the cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family’s family living conditions based on their needs, skills and traditional livelihood occupations and to carry on the business of microfinance.*
4. *To carry on and undertake the business of insurance, including life and general insurance as intermediary or agent of other insurance companies, subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance business.*
5. *To carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development finance and other financial services, as intermediary for other companies or organizations.*
6. *To lend loans for purpose against pledge of gold including household and/or used gold jewellery or any other security including housing or commercial property with or without a mortgage on such terms as may seem expedient.*
7. *To extend working capital loans to kirana stores, which deal with fast-moving consumer goods and groceries.*
8. *To extend loans for purchase of mobile phones on such terms as may seem expedient.”*

There has been no change in the objects of the Company during the last five years.

- 6.9. The Amalgamated Company is a public limited company, incorporated on January 31, 1994 under the Companies Act, 1956, under the name and style of 'IndusInd Bank Limited'. The PAN and CIN of the Amalgamated Company are AAACI1314G and L65191PN1994PLC076333 respectively. The email address of the Amalgamated Company is companysecretary@indusind.com.
- 6.10. The authorised, issued, subscribed and paid-up share capital of the Amalgamated Company as on September 30, 2018 is as under

Particulars	Amount in INR
<b>Authorized Capital</b>	
70,00,00,000 Equity Shares of INR 10 each	700,00,00,000
<b>Total</b>	<b>700,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
60,12,96,202 Equity Shares of INR 10 each fully paid up*	601,29,62,020
<b>Total</b>	<b>601,29,62,020</b>

\*As on September 30, 2018, the Amalgamated Company had 103,47,439 outstanding employee stock options under its existing stock options scheme, exercise of which may result in an increase of upto 103,47,439 equity shares in the issued and paid up share capital of the Amalgamated Company.

- 6.11. The Amalgamated Company is a public limited company and its equity shares are listed on BSE and NSE, and its Global Depository Receipts are listed on Luxembourg Stock Exchange.

- 6.12. The Amalgamated Company is a Banking Company registered under the Banking Regulation Act, 1949. The Amalgamated Company provides a wide range of banking and financial products and services to individual consumers and corporate and commercial entities ranging from small businesses to large companies and government entities.

The activities of the Amalgamated Company are organized into the following business units: (i) Consumer Banking; (ii) Corporate and Commercial Banking; (iii) Global Markets; and (iv) Transaction Banking.

- 6.13. The details of Directors of the Amalgamated Company along with their address as on date of the notice are mentioned herein below:

S. No.	Name of Directors	DIN	Category	Address
1.	Mr. Seshasayee Ramaswami	00047985	Non-Executive, Part time Chairman	Krishna, New No. 20, Old No. 52 / 1 Luz Avenue, Mylapore Chennai 600004 Tamil Nadu, India
2.	Mr. Romesh Sobti	00031034	Managing Director & CEO	Apartment No. 29 / 30, 33 South, Peddar Road Opposite Sterling Apartments Mumbai 400026 Maharashtra, India
3.	Mrs. Kanchan Uday Chitale	00007267	Non-Executive Independent Director	1204, Navdurga CHS. Ltd, 12th Floor, Deonar, Chembur, Govandi Station Road, Mumbai 400088, Maharashtra, India
4.	Mr. Ranbir Singh Butola	00145895	Non-Executive Independent Director	B-2/2277 Vasant Kunj New Delhi 110070, India
5.	Mr. Shanker Annaswamy	00449634	Non-Executive Independent Director	No A265, East Drive Prestige Ozone, Whitefield Main Rd, Whitefield Bengaluru 560066, Karnataka, India
6.	Dr. Ram Mohan Tiruvallur Thattai	00008651	Non-Executive Independent Director	504, Indian Institute of Management, Vastrapur, Ahmedabad-380015, Gujarat, India.
7.	Mr. Yashodan Madhusudhan Kale	00013782	Non-Executive Non Independent Director'	2, Summit 31 Carmichael Road, Mumbai 400026, Maharashtra, India
8.	Mr. Arun Tiwari	05345547	Additional Non-Executive Independent Director	B-14, Ahuja Towers, Rajabhau Anant Desai Marg, Century Bazar, Prabhadevi, Mumbai-400025, Maharashtra, India
9.	Mrs. Akila Krishnakumar	06629992	Additional Non-Executive Independent Director	S-67, Golden Enclave, Airport Road, Bangalore-560017, Karnataka, India.



- 6.14. The details of Promoters of the Amalgamated Company as on September 30, 2018 along with their address are mentioned herein below:

Sr. No.	Name of Promoters	Address
1	IndusInd International Holdings Limited	19 Church Street, Port Louis, Mauritius
2	IndusInd Limited	19 Church Street, Port Louis, Mauritius

- 6.15. As on September 30, 2018, the Amalgamated Company has

- (i) 804 unsecured creditors and the aggregate amount owed to such unsecured creditors is Rs. 4,30,02,94,15,361; and
- (ii) 49,80,504 depositors and the aggregate amount owed to such depositors is Rs. 16,82,19,28,21,104.

- 6.16. The objects for which the Amalgamated Company has been established are set out in the Memorandum of Association. The relevant objects are set out hereunder:

- “1. *To do all kinds of banking business.*
2. *To engage in any one or more of the following forms of business:*
  - (a) *the borrowing, raising or taking up of money,*
  - (b) *the lending or advancing of money either upon or without security,*
  - (c) *the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, Railway receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not,*
  - (d) *the granting and issuing of letters of credit, traveller’s cheques and circular notes,*
  - (e) *the buying and selling and dealing in bullion and specie,*
  - (f) *the buying and selling of foreign exchange including foreign Bank notes,*
  - (g) *the acquiring, holding, issuing on commission, underwriting and dealing in stocks, funds shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds,*
  - (h) *the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others,*
  - (i) *the negotiating of loans and advances,*
  - (j) *the receiving of all kinds of bonds, scrips or valuables for deposit or for safe custody or otherwise,*
  - (k) *the providing of safe deposit vaults,*
  - (l) *the collecting and transmitting of money and securities.*
3. *Acting as agents for any Government or Local authority or any other person or persons, the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of Managing agent or secretary and treasurer of a company.*
4. *Contracting for public and private loans and negotiating and issuing the same.*

5. *Effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private of State, Municipal or other loans or of shares, stock debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.*
6. *Carrying on and transacting every kind of guarantee and indemnity business.*
7. *Managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims.*
8. *Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security.*
9. *Undertaking and executing trusts.*
10. *Undertaking and administration of estates as executor, trustee or otherwise.*
11. *Establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons, granting pensions and allowances and making payments towards insurance, subscribing to or guaranteeing moneys for charitable or for any public, general or useful objects.*
12. *The acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company.*
13. *Selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company.*
14. *Acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in sub-section (1) of section 6 of Banking Regulation Act, 1949.*
15. *Doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company.*
16. *To take or concur in taking all such steps calculated to uphold and support the credit of the Company / Bank and to obtain and justify public confidence and to avert or minimise financial disturbance which may affect the Company / Bank.*
17. *Any other form of business which the Central Government or Reserve Bank of India may specify as a form of business in which it is lawful for the Company to engage.*
18. *To encourage thrift and to encourage social and economic betterment of the members of the company.*
  - 18A. *To open, establish, maintain and operate currency chests and Small Coin Depots on such terms and conditions as may be required by Reserve Bank of India, established under the Reserve Bank of India Act, 1934 and enter into all administrative or other arrangements for undertaking such functions with the permission of Reserve Bank of India.*
  - 18B. *To undertake all the activities, functions and obligations of the depository participant and such other activities which are incidental or ancillary thereto.*
  - 18C. *To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.”*

6.17 **Details of change of name, registered office and objects of the Amalgamated Company during the last five years**

**Change of objects:** Pursuant to the special resolution passed by the shareholders through postal ballot on February 17, 2014, the Memorandum of Association was amended to permit the Amalgamated Company to solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.

Except the above mentioned change of objects, there has been no other change in the name, registered office and objects of the Amalgamated Company during the last five years.

6.18 The Transferee Company is public limited company, incorporated on August 6, 2018 under the Companies Act, 2013, under the name and style of 'IndusInd Financial Inclusion Limited'. The PAN and CIN of the Transferee Company are AAECI9566Q and U65999MH2018PLC312539 respectively. The email address of the Transferee Company is companysecretary@indusind.com. There has been no change in the name and registered office of the Transferee Company since the date of its incorporation

6.19 The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on date of notice is as under

Particulars	Amount in INR
<b>Authorized Capital</b>	
5,00,00,000 Equity Shares of INR 10 each	50,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
7 Equity Shares of INR 10 each fully paid up	70
<b>Total</b>	<b>70</b>

6.20 The shares of the Transferee Company are not listed on any stock exchange.

6.21 The Transferee Company is a public limited company and is currently not carrying out any business but has been incorporated primarily to undertake the BC Business (as defined in the Scheme) that will be transferred into the Transferee Company pursuant to the terms of the Scheme.

6.22 The details of Directors of the Transferee Company along with their addresses as on the date of notice are mentioned herein below:

S. No.	Name of Directors	DIN	Category	Address
1.	Mr. Romesh Sobti	00031034	Director	Apartment No. 29 / 30, 33 South, Peddar Road Opposite Sterling Apartments Mumbai 400 026, Maharashtra, India
2.	Mr. M. R. Rao	03276291	Director	Plot No. 23, Ashwini Layout, Near Andhra Jyoti Office, Jubilee Hills Hyderabad 500 033, Telangana, India
3.	Mr. Suhail Chander	06941577	Director	1045, Hubert Road, 94610-2520, Oakland CANA, United States of America.
4.	Mr. Sanjeev Anand	07074653	Director	92 SFS DDA Flats Hauz Khas Delhi 110 016, India
5.	Mr. Sanjay Vijay Mallik	08194530	Director	Flat 2A, Sunshine Apartments, Ground Floor 78-B Dr. Annie Besant Road, Worli Mumbai 400 018

6.23 The details of Promoters (including Promoter group) of the Transferee Company along with their address are mentioned herein below:

The entire share capital of Transferee Company as on the date of this notice is held by the Amalgamated Company and its nominee shareholders.

As on date of this notice, the Amalgamated Company is the only unsecured creditor of the Transferee Company in relation to pre-incorporation expenses for an amount of Rs. 48,84,566.

6.24 The objects for which the Transferee Company has been established are set out in the Memorandum of Association. The relevant objects are set out hereunder:

- "1. To establish and carry on directly or indirectly, the business of sourcing, marketing, promoting, publicizing, selling and distributing financial products, insurance products, mutual fund products, pension products and other third-party products either as business correspondent or business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, insurance companies, firms, companies, public sector undertakings, mutual funds, venture funds, trusts, societies, corporations, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services including but not limited to services such as identification of customers, collection, preliminary processing and submission of product applications forms/documents including verification of primary information/data and other customer information; create awareness about savings and other financial products and education and advice on managing money, budgets and debt counselling; understanding financial concepts; process and submit of applications to the clients; promote, nurture and monitor self-help groups, joint liability groups or credit groups or micro and small enterprises; conduct post sanction monitoring; handholding of clients including underserved and economically weaker sections of society; follow-up for recovery; disburse small value credit; undertake recovery of principal/collection of interest and collection of small value deposits; sale and distribution of micro insurance/mutual fund products/pension products/other third party products; receive and deliver small value remittances and other payment instruments in accordance with the regulations prescribed by Reserve Bank of India and other appropriate authorities and for this purpose:*

  - (a) to enter into strategic alliances, joint ventures, partnerships, arrangement or other forms of association with, or make financial or other investments in, any other person, firm, company, bank, financial institution and other bodies corporate; and*
  - (b) to promote, own, establish, operate or maintain branches and other outlets or media, data, call or contact centres or other remote facilities for trading, marketing, distribution or conducting transactions including (without limitation) electronic data interchange, transaction initiation, processing, clearing or settlement services by means of electronic, computer or automated machines network or by any other modes of communication in loyalty, database, financial and other products or services, in compliance with the applicable laws.*
- 2. To arrange for the provision of microfinance services in India through enabling commercial banks, financial institutions or other financing institutions and/or agencies, to directly or indirectly extend credits, savings and other financial services to the public in the cities, towns, villages of India with a view to provide sustainable livelihood and enhancement of their and their family's family living conditions based on their needs, skills and traditional livelihood occupations.*
- 3. To undertake, promote, sponsor, carry out financial inclusion activities, rural and urban development including any programme for promoting the social and economic welfare of or the uplift of the public in such areas and to incur expenditure on any such programme and to assist execution and promotion thereof and to carry on and undertake the business of research, consultancy, technical assistance and training in*



*the field of livelihood promotion, development finance, micro finance and other financial services, either directly or as intermediary for other companies or organizations or any other manner as may be decided by the Directors.*

4. *To carry on the business and profession of advisors, consultants, trainers and researchers and render services in the field of agricultural development, industrial development, market development, habitat and environmental development and financial services, to individuals, firms, companies, associations, societies, trusts, unregistered groups, Government Departments, public or local authorities or any other enterprises which are engaged in business, commerce, research, public welfare, public administration or military services, in the matters pertaining to administration, management, organization, manufacture, production, storage process, systems, finance and accounts, recruitment and training of personnel, purchasing, marketing, engineering, etc.*

There has been no change in the objects of the Transferee Company since the date of its incorporation.

## **7. Details of the Scheme**

7.1 The Scheme provides for:

- 7.1.1 The amalgamation of the Company with the Amalgamated Company by way of merger by absorption and dissolution of the Company without winding up and consequent issuance of IBL Shares (as defined in the Scheme) by the Amalgamated Company to the shareholders of the Company as per the Share Exchange Ratio (as defined in the Scheme).
- 7.1.2 The Preferential Allotment (as defined in the Scheme) by the Amalgamated Company of the Warrants (as defined in the Scheme) to the IBL Promoters (as defined in the Scheme).
- 7.1.3 The transfer of Transferred Undertaking (as defined in the Scheme), as a going concern, on a slump sale basis, from Amalgamated Company to the Transferee Company in exchange for Slump Exchange Shares (as defined in the Scheme) to be issued by the Transferee Company to the Amalgamated Company ("**Slump Exchange**").
- 7.1.4 Grant of Special Incentive IBL Options (as defined in the Scheme) to specified BFIL Employees (as defined in the Scheme) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme and various other matters incidental, consequential or otherwise integrally connected therewith, including reorganization of the Share Capital by the Amalgamated Company, pursuant to Sections 230 to 232 and other relevant provisions of the Act, in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

## **8. Background and Rationale of the Scheme**

- 8.1 The amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.
- 8.2 The amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception in relation to the amalgamation.

- 8.3 The Company has a commercially established model in the microfinance segment. The amalgamation pursuant to the Scheme shall provide the Amalgamated Company access to the Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- 8.4 The amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Company's customer base to the Amalgamated Company's wide array of products and services.
- 8.5 The Amalgamated Company can, pursuant to the amalgamation, leverage the Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Company and the Amalgamated Company.
- 8.6 The Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for the future growth of the Amalgamated Company.
- 8.7 The Slump Exchange (as defined in the Scheme) of the Transferred Undertaking (as defined in the Scheme) pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, inter alia, prohibit a banking company from carrying on the business correspondent business directly.

**9. Relationship subsisting amongst the Company, Amalgamated Company and Transferee Company**

- 9.1 The Company is not related to the Amalgamated Company and the Transferee Company except the Company is acting as a Business Correspondent of the Amalgamated Company
- 9.2 As on date the entire issued, subscribed & fully paid up capital of the Transferee Company is held by the Amalgamated Company and its nominees. The Transferee Company is a wholly owned subsidiary of the Amalgamated Company.
- 9.3 There is no common Director or Promoter between the Company and the Amalgamated Company. IFIL is a wholly-owned subsidiary of the Amalgamated Company. Mr. Romesh Sobti (MD & CEO of the Amalgamated Company), Mr. M. R. Rao (MD & CEO of Company), Mr. Suhail Chander, Mr. Sanjeev Anand and Mr. Sanjay Vijay Mallik (Employees of the Amalgamated Company) are Directors of the Transferee Company.

**10. Salient Features of the Scheme**

- 10.1 Appointed Date: The Appointed Date of the Scheme is the opening of business on January 1, 2018.
- 10.2 Amalgamation of the Company into the Amalgamated Company: The Scheme envisages that upon coming into effect of the Scheme on the "Effective Date" (being the last of the dates on which the conditions and matters referred to in Clause 72 of the Scheme occur or have been fulfilled or waived in terms of applicable law), the entire undertaking of the Company, including all its assets and liabilities, shall stand transferred to, and/or deemed to be transferred to, and vested in the Amalgamated Company from the Appointed Date.

- 10.3 Transfer of the Transferred Undertaking (as defined in the Scheme) to the Transferee Company: Immediately upon the amalgamation, the Transferred Undertaking shall be transferred from Amalgamated Company to the Transferee Company, as a going concern, by way of slump exchange with effect from the Appointed Date.
- 10.4 Share Exchange Ratio and Slump Exchange: Upon the coming into effect of the Scheme:
- 10.4.1. Equity shares of the Amalgamated Company shall be issued to the equity shareholders of the Company (as on the Record Date) in the ratio of 639:1000, i.e. 639 (Six Hundred and Thirty Nine) fully paid-up equity shares of the Amalgamated Company of face value of INR 10/- (Rupees Ten only) each shall be issued for every 1,000 (One Thousand) equity shares of the Company, each fully paid-up, as per the terms of the Scheme.
- 10.4.2. For the Slump Exchange of the Transferred Undertaking, the Transferee Company shall issue such number of its equity shares at their face value, credited as fully paid up, to the Amalgamated Company, which shall be equivalent to the value of the Transferred Undertaking as on the Appointed Date.
- 10.5 Employees: Upon the coming into effect of the Scheme, all employees of the Company shall become the employees of the Amalgamated/Transferee Company, subject to the provisions of the Scheme, without any break in their service and on the basis of continuity of service, and on terms and conditions no less favourable than those on which they are engaged by the Company. The manner in which the employees of the Company will be provided employee benefits by the Amalgamated/Transferee Company is set out elaborately in the Scheme.
- 10.6 Accounting treatment: Upon the Scheme becoming effective, the Amalgamated Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under Section 133 of the Act, as applicable. Further, the goodwill or any other intangible assets if any, acquired on the Appointed Date, shall be set-off against the securities premium arising out of the business combination on the Appointed Date.
- 10.7 Preferential issue of warrants to promoters of the Amalgamated Company: Upon the effectiveness of the Scheme and pursuant to the amalgamation, it is proposed that up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) Warrants, each convertible into 1 (one) equity share of the Amalgamated Company, shall be issued and allotted to the promoters of the Amalgamated Company, as part of the Scheme, on a preferential basis, such that upon exercise of all the Warrants, and in addition to the equity shares of the Amalgamated Company already held by them, the shareholding of the promoters of the Amalgamated Company shall not exceed 15 % of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis. The "Relevant Date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) regulations, 2009 and SEBI Circular no. CFD/DIL 3/CIR/2017/26 dated March 23, 2017, and the price at which the Warrants shall be issued has been determined in accordance with the aforesaid regulations, and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.
- 10.8 Conditionalities: The effectiveness of the Scheme is conditional upon the receipt of certain statutory approvals, which inter alia include:
- 10.8.1. Receipt of the approval from the Competition Commission of India under the Competition Act, 2002.
- 10.8.2. BSE and NSE issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme, to the Amalgamated Company and the Company.
- 10.8.3. The Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Amalgamated Company, the Company and the Transferee Company, as required under the Companies Act, 2013, subject to any dispensation that may be granted by the NCLT.

10.8.4. Any other approval as may be required for the Scheme.

**Note: The features set out above being only the extract of the Scheme, the shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.**

## **11 Effect of the Scheme on various parties**

11.1 Under the Scheme, an arrangement is sought to be entered into amongst the Company, the Amalgamated Company and the Transferee Company (together as "**Participating Companies**") and their respective equity shareholders (promoter shareholders and non-promoter shareholders).

Upon the Effective Date (as defined in the Scheme) and as enumerated in Clause 27 of the Scheme, the Amalgamated Company shall issue and allot to all the shareholders of the Company 639 (Six Hundred and Thirty Nine) IBL Shares (as defined in the Scheme), credited as fully paid up, for every 1,000 (One Thousand) equity shares of the face value of INR 10/ (Rupees Ten Only) each fully paid-up held by such member in the Company.

Upon Part IV of the Scheme becoming effective and as enumerated in Clause 56 of the Scheme, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand and Five Hundred) such number of its equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value (as defined in the Scheme).

Under the Scheme, there is no arrangement with the unsecured creditors of the Amalgamated Company. No compromise is offered under the Scheme to any of the unsecured creditors of the Amalgamated Company. The liability of the unsecured creditors of the Amalgamated Company, under the Scheme, is neither being reduced nor being extinguished. The Amalgamated Company and the Transferee Company does not have any secured creditors.

11.2 The rights of the Company's secured creditors are impacted solely on account of the regulatory regime applicable to the Amalgamated Company and separate approvals, as required under the contractual documentation with each such secured creditor, are being sought.

11.3 The Scheme will not have any effect on the Amalgamated Company's debentures and as on date, the Company and Transferee Company have not issued any debentures and therefore, the effect of the Scheme on the debenture holders or debenture trustee does not arise.

11.4 As on date, the Participating Companies have no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.

11.5 Upon the coming into effect of this Scheme and as enumerated in Clause 17(i) of the Scheme, all BFIL Employees (as defined in the Scheme) shall become the employees of the Amalgamated Company, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Company and without any interruption of service as a result of the amalgamation.

Pursuant to completion of Part IV of the Scheme and as enumerated in Clause 51(i) of the Scheme, all BFIL Employees (as defined in the Scheme) shall become the employees of the Transferee Company, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged prior to the date of transfer and without any interruption of service as a result of the transfer of the Transferred Undertaking.

11.6 There is no effect of the Scheme on the director and the key managerial personnel of the respective Participating Companies except the appointment of Mr. M. R. Rao, the Managing Director & CEO of the Company as the Managing Director of the Transferee Company.



- 11.7 The directors of the respective Participating Companies, holding shares in the respective Participating Companies, do not have any other interest in the Scheme otherwise than that as shareholders in general. Further, none of the key managerial personnel, debenture trustee and relatives of the directors of the respective Participating Companies is concerned or interested, financial or otherwise in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the directors, key managerial personnel and debenture trustee of the respective Participating Companies has any material interest in the Scheme.
- 11.8 The shareholding of the present directors and Key Managerial Personnel (KMP) of the respective Participating Companies, either individually or jointly as a first holder or as a nominee, in the respective Participating Companies as on September 30, 2018 is as under:

**Company;**

S. No.	Name of Directors and KMP of the Company	No. of Equity Shares held in		
		Company	Amalgamated Company	Transferee Company
1.	Mr. P. H. Ravikumar	16,000	0	0
2.	Mr. Geoffrey Tanner Woolley	64,986	0	0
3.	Mr. M. R. Rao	296,666	0	0
4.	Mr. Ashish Damani	79,900	0	0
5.	Mr. Rajendra Lahu Patil	22,580	0	0

**Amalgamated Company:**

S. No.	Name of Directors and KMP of the Amalgamated Company	No. of Equity Shares held in		
		Company	Amalgamated Company	Transferee Company
1.	Mr. Romesh Sobti	0	6,30,000	1*
2.	Dr. Ram Mohan Tiruvallur Thattai	0	3,800	0
3.	Mrs. Kanchan Uday Chitale	0	1,000	0
4.	Mr. Haresh Kishinchand Gajwani	0	700	0
5.	Mr. Sharad Chandra Vithal Zaregaonkar	0	12,700	1*

\* held as nominee of the Applicant Company.

**Transferee Company:**

Name of Directors and KMP of the Company	No. of Equity Shares held in		
	Company	Amalgamated Company	Transferee Company
Mr. Romesh Sobti	0	6,30,000	1*
Mr. M. R. Rao	296,666	0	0
Mr. Suhail Chander	0	1,25,000	0
Mr. Sanjeev Anand	588	1,80,140	0
Mr. Sanjay Vijay Mallik	0	16,500	0
Mr. Alok Desai	0	0	0

\*Shares are held as nominee shareholder of the Amalgamated Company.

**12. Fairness Opinion and Approvals:**

- 12.1 A joint valuation report dated October 13, 2017 has been prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells ("**Valuation Report**") recommending the Share Exchange Ratio to the Company and Amalgamated Company. A copy of the said report is enclosed herewith as **Annexure B** and is also available for inspection at the registered office of the Company.

### **Summary of the Valuation Report**

Joint Valuation Report dated October 13, 2017 was issued by S.R. Batliboi & Co. LLP, Chartered Accountants (appointed by Company) and Deloitte Haskins and Sells, Chartered Accountants (appointed by the Amalgamated Company), supplemented by the letter dated October 13, 2017 issued by S.R. Batliboi & Co. LLP, Chartered Accountants, describing inter alia the computation of and the methodology adopted by them in arriving at the Share Exchange Ratio for the Amalgamation.

For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained in terms of the circular no. LIST/COMP/02/2017-18 dated May 29, 2017 issued by BSE Limited and circular no. NSE/CML/2017/12 dated June 1, 2017 issued by the National Stock Exchange of India Limited.

The valuers have considered the Earnings Capitalization Value Method (“**ECV**”), the Comparable Companies Quoted Multiples Method (“**CCM**”), Discounted Cash Flows Method (“**DCF**”), Net Asset Value Method (“**NAV**”) and the Market Price Method (“**MPM**”) for determining the relative value of the shares of the Amalgamated Company and BFIL in order to arrive at the Share Exchange Ratio for the Scheme.

However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that CCM and NAV Method are of limited relevance and have based their valuation on ECV, MPM and DCF methods, by assigning appropriate weightages.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the businesses based on the methodologies explained in the Valuation Report and various qualitative factors relevant to each business.

The recommendation of the Share Exchange Ratio has been approved by the Board of the Company, Audit Committee of the Company, Board of Directors of Amalgamated Company, Audit Committee of Amalgamated Company.

- 12.2 In terms of the SEBI Circular, Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker, vide its letter dated October 13, 2017, has submitted to the Board of Directors of the Company, a fairness opinion, certifying that the valuation provided in the Valuation Report is fair and reasonable. A copy of the said certificate is enclosed herewith as **Annexure C**.
- 12.3 A certificate has been issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 12.4 The Audit Committee of the Company has at its meeting held on October 13, 2017 reviewed and recommended the Scheme for consideration by the Board of Directors of the Company. The Board of Directors of the Company at its Board meeting held on October 14, 2017 have approved the Scheme, as detailed below:

<b>Name of Director</b>	<b>Voted in favor / against / did not participate or vote</b>
Mr. P. H. Ravikumar	Voted in Favour
Mr. M.R. Rao	Voted in Favour
Mr. Ashish Lakhnupal	Voted in Favour
Mr. S Balachandran	Voted in Favour
Mr. Geoffrey Tanner Wooley	Voted in Favour
Mr. K. G. Alai- Nominee Director SIDBI (Director till July 26, 2018)	Voted in Favour
Dr. Punita Kumar Sinha	Voted in Favour
Mr. Rajender Mohan Malla	Voted in Favour
Dr. Tarun Khanna*	Voted in Favour

\*Dr. Tarun Khanna did not attend the meeting, however, he conveyed his approval in writing.

- 12.5 The Audit Committee of the Amalgamated Company has at its meeting held on October 13, 2017 reviewed and recommended the Scheme for consideration by the Board of Directors of the Amalgamated Company. The Board of Directors of the Amalgamated Company at its Board meeting held on October 14, 2017 have approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Seshasayee Ramaswami	Voted in Favour
Mrs. Kanchan Uday Chitale	Voted in Favour
Mr. Vijay Vaid	Voted in Favour
Mr. Ranbir Singh Butola	Voted in Favour
Mr. T. Anantha Narayanan	Voted in Favour
Mr. Yashodhan Madhusudhan Kale	Voted in Favour
Mr. Shanker Annaswamy	Voted in Favour
Dr. Ram Mohan Tiruvallur Thattai	Voted in Favour
Mr. Romesh Sobti	Voted in Favour

- 12.6 The Board of Directors of the Transferee Company at its Board meeting held on August 14, 2018 have approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Romesh Sobti*	-
Mr. M.R. Rao	Voted in Favour
Mr. Suhail Chander	Voted in Favour
Mr. Sanjeev Anand	Voted in Favour
Mr. Sanjay Mallik	Voted in Favour

\*Leave of absence was granted to Mr. Romesh Sobti as he was unable to attend the said meeting

- 12.7 The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
- 12.8 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), the Company had have applied to BSE and NSE for their "no adverse observation" to file the Scheme for sanction of the Hon'ble Tribunal. BSE by its letter dated June 4, 2018 and NSE by its letter dated June 1, 2018, have respectively given their "no adverse observation" letters to the Company, to file the Scheme. Copy of the letter dated June 4, 2018 received from BSE and copy of the letter dated June 1, 2018 received from NSE are enclosed herewith as **Annexures D and E** respectively.
- 12.9 The Scheme along with related documents was hosted on the website of the Company, BSE and NSE and was open for complaints/ comments. A certified true copy of the complaint report dated May 8, 2018 as submitted to BSE and to NSE, as per the SEBI Circular, is enclosed herewith as **Annexure F**. As on the date, the Company has not received any complaints.
- 12.10 Copy of the audited financial statements of the Company as on September 30, 2018 and unaudited financial statement of the Amalgamated Company as on September 30, 2018 are enclosed herewith as **Annexures G and H** respectively. Since the Transferee Company was incorporated on August 6, 2018, the financial statement of the Transferee Company is not available.
- 12.11 In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the respective Participating Companies have adopted a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copies of the said reports are enclosed herewith as **Annexures I, J and K** respectively.

- 12.12 The Competition Commission of India (“**CCI**”) has by its letter dated December 19, 2017 read with its order dated January 19, 2018 issued to the Company and the Amalgamated Company has approved the Scheme under Section 31 of the Competition Act, 2002. Copy of the said letter and order of the CCI are enclosed herewith as **Annexures L and M** respectively.
- 12.13: Information about the Transferee Company in the format specified for an abridged prospectus in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Certificate of Morgan Stanley India Company Private Limited, a SEBI registered Merchant Banker, certifying the accuracy and adequacy of such information, is enclosed as **Annexure N**.
- 12.14 In terms of the Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016, the voluntary amalgamation of the Company with the Amalgamated Company was approved by the RBI by way of its letter dated March 13, 2018. Subsequently, on June 8, 2018, in terms of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, the RBI approved the incorporation by the Amalgamated Company of a wholly owned subsidiary for the purposes of undertaking business correspondent business as part of the Amalgamated Company’s amalgamation with the Company.
- 12.15 The respective Participating Companies will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon’ble National Company Law Tribunal, Mumbai Bench, for sanctioning of the Scheme.
- 12.16 No investigation or proceedings have been instituted and/or are pending in relation to the respective Participating Companies under the provisions of the Companies Act, 2013.
- 12.17 A copy of the Scheme has been filed by the Company with the Registrar of Companies, Maharashtra.
- 12.18 No winding up petition is pending against any of the Participating Companies.
- 12.19 The Scheme does not involve any debt restructuring and therefore the requirement to disclose details of debt restructuring is not applicable.
- 12.20 Pursuant to SEBI Circular and the LODR Regulations, the detailed pre scheme and post scheme (expected) capital structure and shareholding pattern of the respective Participating Companies are given herein below.

The pre Scheme capital structure of the respective Participating Companies are provided under Clauses [6.2, 6.10 and 6.19] above respectively. Upon the coming into effect of the Scheme, the Company shall stand dissolved without winding up.

**A. Post Scheme Capital Structure of the Amalgamated Company would be as under:**

<b>Particulars</b>	<b>Amount in INR</b>
<b>Authorized Capital</b>	
85,70,00,000 equity shares of INR 10 each	857,00,00,000
<b>Total</b>	<b>857,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
70,65,81,508 equity shares of INR 10 each*	706,58,15,080
<b>Total</b>	<b>706,58,15,080</b>

\*The aforesaid Issued, Subscribed and Paid-up Capital is without including the effect of Employee Stock Options, which may get converted into equity shares on its exercise



**B. Post Scheme Capital Structure of the Transferee Company would be as under:**

Particulars	Amount in INR
<b>Authorized Capital</b>	
6,00,00,000 equity shares of INR 10 each	60,00,00,000/-
<b>Total</b>	<b>60,00,00,000/-</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
4,37,03,507 equity shares of INR 10 each	43,70,35,070
<b>Total</b>	<b>43,70,35,070</b>

**C. Pre Scheme Shareholding Pattern of the Company as on September 30, 2018:**

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
<b>(1)</b>	<b>Indian</b>		
(a)	Individuals/ Hindu Undivided Family	-	-
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	-	-
(d)	Financial Institutions/ Banks	-	-
(e)	Any Other (specify)	-	-
	<b>Sub-Total (A)(1)</b>	-	-
<b>(2)</b>	<b>Foreign</b>		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
	<b>Name of Promoters:</b>		
	KISMET MICROFINANCE	2213813	1.58
(c)	Institutions	-	-
(e)	Any Other (specify)	-	-
	<b>Sub-Total (A)(2)</b>	<b>22,13,813</b>	<b>1.58</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>22,13,813</b>	<b>1.58</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>(1)</b>	<b>Institutions</b>		
(a)	Mutual Funds/UTI	3,95,09,200	28.20
(b)	Venture Capital Funds	-	-
(c)	Alternate Investment Funds	4,89,762	0.35
(d)	Foreign Venture Capital Investors	-	-
(e)	Foreign Portfolio Investors/ Foreign Institutional Investors	7,51,90,064	53.67
(f)	Financial Institutions/Banks	6,29,962	0.45
(g)	Insurance Companies	25,16,232	1.80
(h)	Provident Fund/Pension Fund	-	-
(i)	Any other	-	-
	i) Foreign Banks	-	-
	ii) UTI	-	-
	<b>Sub-Total (B)(1)</b>	<b>11,83,35,220</b>	<b>84.47</b>
<b>(2)</b>	<b>Central Government/ State Government(s)/ President of India</b>		
	Sub Total (B)(2)	0.00	0.00
<b>3</b>	<b>Non-Institutions</b>		
(a)	Individuals		
i.	Individual shareholders holding nominal share capital up to Rs. 2 lakh	51,80,883	3.70
ii.	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	63,83,347	4.56
(b)	NBFCs Registered with RBI	5,567	0.00
(c)	Employee Trusts	-	-

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-
(e)	Any Other		
	Trusts	2,44,597	0.17
	Hindu Undivided Family	1,85,489	0.13
	Non Resident Indians (Non Repat)	14,31,758	1.02
	Non Resident Indians (Repat)	4,90,437	0.35
	Clearing Member	6,73,308	0.48
	Directors and their relatives	3,77,652	0.27
	Oversees Bodies Corporates	18,66,150	1.33
	Foreign Nationals	400	0.00
	Bodies Corporate	26,79,728	1.91
	Foreign Company	-	-
	Investor Education And Protection Fund	-	-
	<b>Sub-Total (B)(3)</b>	<b>1,95,19,316</b>	<b>13.93</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)+ (B)(3)</b>	<b>13,78,54,536</b>	<b>98.41</b>
	<b>TOTAL (A)+(B)</b>	<b>14,00,68,349</b>	<b>99.99</b>
(C)	Shares held by Custodian and against which DRs have been issued	-	-
	Shares held by Employees Trusts	1,661	0.01
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>14,00,85,010</b>	<b>100.00</b>

**D. Pre and Post Scheme Shareholding Pattern of the Amalgamated Company as on September 30, 2018:**

Category Code	Category of Shareholder	Pre Scheme		Post Scheme	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>(1)</b>	<b>Indian</b>	-	-	-	-
(a)	Individuals/ Hindu Undivided Family	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Financial Institutions/Banks	-	-	-	-
(d)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (A)(1)</b>	-	-	-	-
<b>(2)</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-
(e)	Any Other (specify)	-	-	-	-
	<b>Bodies Corporate</b>	8,98,27,767	14.94	10,55,98,752	14.95
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>8,98,27,767</b>	<b>14.94</b>	<b>10,55,98,752</b>	<b>14.95</b>
<b>(B)</b>	<b>Public Shareholding</b>				
<b>(1)</b>	<b>Institutions</b>	-	-	-	-
(a)	Mutual Funds	5,06,70,876	8.43	7,59,17,255	10.74
(b)	Venture Capital Funds	-	-	-	-
(c)	Alternate Investment Funds	13,36,813	0.22	16,49,771	0.23
(d)	Foreign Venture Capital Investors	-	-	-	-
(e)	Foreign Portfolio Investors/ Foreign Institutional Investors	28,00,90,652	46.58	32,81,37,103	46.44
(f)	Financial Institutions/Banks	8,06,530	0.13	12,09,076	0.17

Category Code	Category of Shareholder	Pre Scheme		Post Scheme	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
(g)	Insurance Companies	20,00,046	0.33	36,07,918	0.51
(h)	Provident Funds/ Pension Funds	-	-	-	-
(i)	Any Other				
	i) Foreign Banks	42	0.00	42	0.00
	ii) UTI	800	0.00	800	0.00
	<b>Sub Total (B)(1)</b>	<b>33,49,05,759</b>	<b>55.70</b>	<b>41,05,21,965</b>	<b>58.10</b>
(2)	Central Government/ State Government(s)/ President of India	50	0.00	50	0.00
	<b>Sub Total (B)(2)</b>	<b>50</b>	<b>0.00</b>	<b>50</b>	<b>0.00</b>
(3)	Non-Institutions				
(a)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	2,95,94,046	4.92	3,29,04,630	4.66
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	70,96,389	1.18	1,14,16,667	1.62
(b)	NBFCs registered with RBI	9,88,914	0.16	9,92,471	0.14
(c)	Employee Trusts	-	-	-	-
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-
(e)	Any Other				
	i) TRUST	54,78,505	0.91	56,34,802	0.80
	ii) Hindu Undivided Family	6,53,114	0.11	7,71,641	0.11
	iii) Non Resident Indians (Non Repat)	18,85,361	0.31	28,00,254	0.40
	iv) NON RESIDENT INDIANS (Repat)	34,74,897	0.58	37,88,286	0.54
	v) Clearing Member	33,18,495	0.55	37,48,739	0.53
	vi) Directors & their Relative	6,04,950	0.10	6,04,950	0.09
	vii) Overseas Bodies Corporates	9,25,000	0.15	21,17,470	0.30
	viii) Foreign Nationals	80	0.00	336	0.00
	ix) Bodies Corporate	5,67,01,333	9.43	5,84,13,679	8.27
	x) Foreign Company			14,14,627	0.20
	x) Investor Education And Protection Fund	11,60,028	0.19	11,60,028	0.16
	Sub-Total (B)(3)	11,18,81,112	18.61	12,57,68,581	17.80
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2) +(B)(3)</b>	<b>44,67,86,921</b>	<b>74.30</b>	<b>53,62,90,596</b>	<b>75.90</b>
(C)	Shares held by Custodian and against which DRs have been issued-(C)	-	-	-	-
	Non Promoter-Non Public - (D)	6,46,81,514	10.76	6,46,81,514	9.15
	Shares held by Employees Trusts - (E)	-	-	10,646	0.00
	<b>GRAND TOTAL (A)+(B)+(C)+(D)+(E)</b>	<b>60,12,96,202</b>	<b>100.00</b>	<b>70,65,81,508</b>	<b>100.00</b>

E. Pre and Post Scheme Shareholding Pattern of the Transferee Company.

Sr. No.	Particular	Prior to the Scheme		Post to the Scheme	
		No. of Shares	% holding of share capital	No. of Shares	% holding of share capital
1.	Promoter*	7	100.00	4,37,03,507	100.00
2.	Public	-	-	-	-
	<b>Total</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>100.00</b>

\* Includes shares held by 6 individuals as nominees of the Promoter

13. A copy of each of the following documents shall be available for obtaining extract from or for making or obtaining copies of or for inspection by the shareholders of the Company at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051,

Maharashtra, between 10:00 a.m. (IST) and 12:00 noon IST on all working days (except Saturdays, Sundays and public holidays) upto the date of the Meeting:

- 13.1 Order of the National Company Law Tribunal, Mumbai Bench dated October 31, 2018 passed in Company Scheme Application No. 922 of 2018 directing the Company to, inter alia, convene the meeting of its equity shareholders.
  - 13.2 Memorandum of Association and Articles of Association of the respective Participating Companies.
  - 13.3 Audited financial statement of the Company and the Amalgamated Company for the financial year ended March 31, 2018.
  - 13.4 Valuation report dated October 13, 2017 prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells recommending the Share Exchange Ratio to the Company and Amalgamated Company.
  - 13.5 Fairness opinion dated October 13, 2017 by Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker, certifying that the valuation provided in the Valuation Report is fair and reasonable.
  - 13.6 Fairness opinion dated October 13, 2017 by Morgan Stanley India Company Private Limited, a Category-I Merchant Banker, certifying that the valuation provided in the Valuation Report is fair and reasonable.
  - 13.7 Scheme.
  - 13.8 Observation letter dated June 4, 2018 issued by BSE and observation letter dated June 1, 2018 issued by NSE, to the Company.
  - 13.9 Observation letter dated June 4, 2018 issued by BSE and observation letter dated June 4, 2018 issued by NSE, to the Amalgamated Company.
  - 13.10 Complaints report dated May 8, 2018 as submitted to BSE and NSE by the Company.
  - 13.11 Audited financial statement of the Company as on September 30, 2018 and unaudited financial statement of the Amalgamated Company as on September 30, 2018.
  - 13.12 Resolution passed by the Board of Directors of the respective Participating Companies approving the Scheme.
  - 13.13 Reports adopted by the Board of Directors of the respective Participating Companies as required under Section 232(2)(c) of the Companies Act, 2013.
  - 13.14 Letter dated December 19, 2017 issued by Competition Commission of India (CCI).
  - 13.15 Order dated January 19, 2018 of CCI
  - 13.16 Certificate issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
  - 13.17 Abridged Prospectus and certificate from the merchant banker.
14. This statement may be treated as an Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

**Sd/-**  
**Jyotin Mehta**  
Chairperson Appointed for the Meeting

Date: November 2, 2018  
Place: Mumbai

**COMPOSITE SCHEME OF ARRANGEMENT  
Under Sections 230 to 232 of the Companies Act, 2013**

**AMONG**

<b>BHARAT FINANCIAL INCLUSION LIMITED</b>	...	<b>AMALGAMATING COMPANY</b>
<b>INDUSIND BANK LIMITED</b>	...	<b>AMALGAMATED COMPANY</b>
<b>INDUSIND FINANCIAL INCLUSION LIMITED</b>	...	<b>TRANSFeree COMPANY</b>

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**PART I - GENERAL**

**A. Description of Parties**

1. Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) is public company, limited by shares, incorporated under the 1956 Act (as defined hereunder), under corporate identification number L65999MH2003PLC250504 and having its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (hereinafter referred to as "**BFIL**" or the "**Amalgamating Company**"). BFIL is registered with the RBI (as defined hereunder) as a non-deposit taking non-banking financial company – micro finance institution. The equity shares of BFIL are listed on the BSE Limited and the National Stock Exchange of India Limited (together the "**Stock Exchanges**"). BFIL is engaged primarily in the businesses of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income-generating activities and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans as a business correspondent for IBL (as defined hereunder) as well as provision of other products and services;
2. IndusInd Bank Limited is a public company, limited by shares, incorporated under the 1956 Act, under corporate identification number L65191PN1994PLC076333 and having its registered office at 2401, General Thimmayya Road, East Street, Pune – 411 001 (hereinafter referred to as "**IBL**" or the "**Amalgamated Company**") and is licensed as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of the Amalgamated Company are listed on the Stock Exchanges and its global depository receipts are listed on the Luxembourg Stock Exchange. IBL is primarily engaged in the business of providing banking services in India. IBL is engaged in the business of, *inter alia*, banking and financial services including retail, commercial, corporate and investment banking and wealth management services catering to both consumer and corporate customers.
3. IndusInd Financial Inclusion Limited is a company incorporated under the Act (as defined hereunder), under corporate identification number U65999MH2018PLC312539 and having its registered office at One Indiabulls Centre, Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai, Maharashtra – 400013 (the "**Transferee Company**"). The Transferee Company is a wholly owned subsidiary of IBL. The main objects of the Transferee Company include, *inter alia*, to carry on the business of business correspondent/ business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.

**B. Description of the Scheme**

4. BFIL and IBL have entered into an Implementation Agreement dated October 14, 2017, (the "**Implementation Agreement**"), pursuant to which the parties thereto have agreed, *inter alia*, to



the amalgamation of BFIL into IBL in accordance with the RBI Amalgamation Directions (defined hereunder) and the Act, the issuance and allotment of the Warrants (as defined hereunder) to the IBL Promoters (as defined hereunder), and the subsequent transfer of the Transferred Undertaking (as defined hereunder) from the Amalgamated Company to, and vesting thereof in the Transferee Company, as a 'going concern' on a slump sale basis, by way of a composite scheme of arrangement under Sections 230 to 232 of the Act.

5. In furtherance of the Implementation Agreement and the understanding between the parties thereto, this Scheme (as defined hereunder) provides, *inter alia*, for:
  - (i) the amalgamation of the Amalgamating Company with the Amalgamated Company, by way of merger by absorption and dissolution of the Amalgamating Company without winding up and the consequent issuance of IBL Shares (as defined hereunder) by the Amalgamated Company to the shareholders of the Amalgamating Company in accordance with the Share Exchange Ratio (as defined hereunder) ("**Amalgamation**");
  - (ii) the Preferential Allotment (as defined hereunder) by the Amalgamated Company of the Warrants to the IBL Promoters;
  - (iii) pursuant to the Amalgamation, the transfer of the Transferred Undertaking, as a going concern, on a slump sale basis, from the Amalgamated Company to the Transferee Company in exchange for the Slump Exchange Shares (as defined hereunder) to be issued by the Transferee Company to the Amalgamated Company ("**Slump Exchange**");
  - (iv) the grant of Special Incentive IBL Options (as defined hereunder) to specified BFIL Employees (as defined hereunder) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme; and
  - (v) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Amalgamated Company, pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act (as defined hereunder). The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.
6. The Amalgamation of the Amalgamating Company into the Amalgamated Company shall be in full compliance with the provisions of Section 2(1B) of the IT Act such that:
  - (i) all the properties of the Amalgamating Company, immediately before the Amalgamation, shall become the properties of the Amalgamated Company, by virtue of the Amalgamation;
  - (ii) all the liabilities of the Amalgamating Company, immediately before the Amalgamation, shall become the liabilities of the Amalgamated Company, by virtue of the Amalgamation; and
  - (iii) all shareholders holding shares in the Amalgamating Company, will become shareholders of the Amalgamated Company by virtue of the Amalgamation.
7. The Transferred Undertaking constitutes an 'undertaking' as defined under Section 2(19AA) of the IT Act.

**C. Rationale for the Scheme**

8. The Amalgamation and the Slump Exchange pursuant to this Scheme would, *inter alia*, have the following benefits:
  - (i) the Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;

- (ii) the Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception in relation to the Amalgamation;
- (iii) the Amalgamating Company has a commercially established model in the microfinance segment. The Amalgamation pursuant to the Scheme shall provide the Amalgamated Company access to the Amalgamating Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India;
- (iv) the Amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Amalgamating Company's customer base to the Amalgamated Company's wide array of products and services;
- (v) the Amalgamated Company can, pursuant to the Amalgamation, leverage the Amalgamating Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Amalgamating Company and the Amalgamated Company;
- (vi) the Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for the future growth of the Amalgamated Company; and
- (vii) the Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

9. This Scheme is divided into the following parts:

- (i) Part I, which deals with the introduction and definitions, and sets out the share capital of the Amalgamating Company, Amalgamated Company and the Transferee Company;
- (ii) Part II, which deals with the Amalgamation;
- (iii) Part III, which deals with the Preferential Allotment;
- (iv) Part IV, which deals with the Slump Exchange;
- (v) Part V, which deals with the grant of the Special Incentive IBL Options; and
- (vi) Part VI, which deals with the general terms and conditions applicable to the Scheme.

#### 10. **Definitions**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- (A) **"1956 Act"** means the Companies Act, 1956, as amended from time to time;
- (B) **"Act"** means the Companies Act, 2013 and the rules framed there under, to the extent notified, or any modifications or re-enactments or amendments thereof from time to time;

- (C) **“Amalgamated Company”** means have the meaning ascribed to it in Clause 2 of this Scheme;
- (D) **“Amalgamated Company Options”** shall have the meaning ascribed to it in Clause 18(iii) below;
- (E) **“Amalgamating Company”** shall have the meaning ascribed to it in Clause 1 above;
- (F) **“Amalgamating Undertaking”** means all the undertakings and entire business of the Amalgamating Company (including the BC Business), as a going concern, and shall include (without limitation):
  - (i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the Amalgamating Company, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables and security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities;
  - (ii) all permits, registrations, rights, entitlements, licenses, permissions, approvals, subsidies, authorities, consents, deposits, privileges, exemptions including tax exemptions available to the Amalgamating Company, including payments of direct tax or indirect tax, advance tax paid by or any tax deducted in respect of any income received, any tax advances, any MAT credit entitlement, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits;
  - (iii) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamating Company or powers or authorities granted by or to it) of whatsoever nature along with any contractual rights and obligations, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;
  - (iv) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized for the business and activities of the Amalgamating Company;
  - (v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present

- and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form belonging to or held by the Amalgamating Company;
- (vi) all present, and contingent future liabilities of the Amalgamating Company including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrued and all other duties, liabilities, undertakings and obligations (including any postdated cheques or guarantees, letters of credit, letters of comfort or other instruments which may give rise to a contingent liability in whatever form); and
- (vii) the BFIL Employees and the Employee Benefit Funds of the Amalgamating Company.
- (G) **“Amalgamation”** shall have the meaning ascribed to it in Clause 5(i) above;
- (H) **“Appointed Date”** shall mean the opening of business on January 01, 2018;
- (I) **“Approved BFIL ESOP Pool”** shall mean a pool of stock options of BFIL, that BFIL is entitled to grant under and in accordance with the BFIL ESOP Plans and the SEBI SBEB Regulations at any time during the period from the Exclusivity Agreement Date upto the Effective Date, which shall comprise of:
- (i) 35, 14, 276 (thirty five lakhs fourteen thousand two hundred and seventy six) stock options; and
- (ii) Such further number of stock options, which become available for grant, pursuant to the termination, forfeiture or lapse of the stock options previously granted, in accordance with the applicable BFIL ESOP Plans and the SEBI SBEB Regulations.
- (J) **“BC Business”** means the non-financial, non-lending activities carried on by BFIL which comprise origination, servicing and collection of loans as a business correspondent for IBL as well as provision of certain other products and services;
- (K) **“BC Business Employees”** shall mean all BFIL Employees;
- (L) **“BFIL Employees”** shall mean all the employees of BFIL as on the Effective Date;
- (M) **“BFIL ESOP Plans”** shall mean, collectively, ESOP 1, ESOP 2, ESOP 3, and ESOP 4;
- (N) **“BFIL Options”** shall mean the stock options held by BFIL Employees under the BFIL ESOP Plans;
- (O) **“Board”** in relation to any company, means the board of directors of such company and shall include a duly authorised committee of the Board;
- (P) **“CCI”** means the Competition Commission of India, as established under the Competition Act, 2002;
- (Q) **“Effective Date”** means the last of the dates on which the conditions and matters referred to in Clause 72 hereof occur or have been fulfilled or waived;
- References in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;
- (R) **“Eligible Employees”** shall mean the BFIL Employees holding any BFIL Options on the Effective Date;
- (S) **“Employee Benefit Funds”** shall mean existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created for employees;
- (T) **“Encumbrance”** or **“Encumber”** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest

or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iii) any adverse claim as to title, possession or use;

- (U) **ESOP 1"** shall mean the BFIL Employee Stock Option Plan 2008, as approved by the Board and shareholders of the Amalgamating Company;
- (V) **ESOP 2"** shall mean the BFIL Employees Stock Option Plan 2009, as approved by the Board and shareholders of the Amalgamating Company;
- (W) **ESOP 3"** shall mean the BFIL Employee Stock Option Plan 2010, as approved by the Board and shareholders of the Amalgamating Company;
- (X) **ESOP 4"** shall mean the BFIL Employee Stock Option Plan 2011, as approved by Board and shareholders of the Amalgamating Company;
- (Y) **"Exclusivity Agreement Date"** shall mean September 11, 2017 i.e. the date of execution of the confidentiality, exclusivity and standstill agreement between IBL and BFIL.
- (Z) **"Existing IBL ESOP Scheme"** shall mean the IBL Employees Stock Option Scheme 2007, as approved by the Board and shareholders of the IBL;
- (AA) **"Implementation Agreement"** shall have the meaning ascribed to it in Clause 4 above;
- (BB) **"Implementation Agreement Execution Date"** shall mean October 14, 2017;
- (CC) **"IBL"** shall have the meaning ascribed to it in Clause 2 above;
- (DD) **"IBL Promoters"** shall mean IIHL and IL;
- (EE) **"IBL Shares"** means fully paid up equity shares of IBL, each having a face value of INR 10 (Rupees Ten only) and one vote per equity share;
- (FF) **"IIHL"** means IndusInd International Holdings Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;
- (GG) **"IL"** means IndusInd Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;
- (HH) **"IT Act"** shall mean the Income Tax Act, 1961 or any modifications or re-enactments or amendments thereof from time to time;
- (II) **"NCLT"** shall mean the bench of the National Company Law Tribunal at Mumbai, Maharashtra and shall include, if applicable, such other forum or authority as may be vested with the powers of a National Company Law Tribunal under the Act;
- (JJ) **"New IBL ESOP Scheme"** shall have the meaning ascribed to it in Clause 18(iii) below;
- (KK) **"Preferential Allotment"** shall have the meaning ascribed to it in Clause 42 hereof;
- (LL) **"RBI"** means the Reserve Bank of India;
- (MM) **"RBI Amalgamation Directions"** means the RBI (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 or any modifications or re-enactments or amendments thereof from time to time;
- (NN) **"Record Date"** shall mean the date fixed by the respective Board of the Amalgamating Company and Amalgamated Company for the purpose of determining the shareholders of the Amalgamating Company to whom equity shares of the Amalgamated Company shall be allotted pursuant to the Amalgamation under this Scheme;
- (OO) **"Regulatory Authority"** means any applicable regulatory, competition or supervisory body or, banking authority, quasi- regulatory agency or body, tax authorities or tribunal,



including but not limited to the CCI, the RBI, the Stock Exchanges and the SEBI along with the authorities before which appeals against the decisions made by any of the foregoing may be brought;

- (PP) **“Remaining Business”** means all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Amalgamated Company, other than the Transferred Undertaking.
- (QQ) **“Schedules”** shall mean schedules to this Scheme;
- (RR) **“Scheme”** means this composite scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;
- (SS) **“SEBI”** means the Securities and Exchange Board of India;
- (TT) **“SEBI ICDR Regulations”** means the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;
- (UU) **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;
- (VV) **“SEBI Preferential Allotment Circular”** means the SEBI Circular dated March 23, 2017, bearing reference number CFD/DIL3/CIR/2017/26, as amended or replaced from time to time;
- (WW) **“SEBI SBEB Regulations”** shall mean the SEBI (Share Based Employee Benefits) Regulations, 2014 read with the SEBI Circular dated June 16, 2015 bearing reference number CIR/CFD/POLICY CELL/2/2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations/circular;
- (XX) **“SEBI Scheme Circular”** means the SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended or replaced from time to time;
- (YY) **“Share Exchange Ratio”** shall have the meaning ascribed to it in Clause 27 hereof;
- (ZZ) **“Slump Exchange”** shall have the meaning ascribed to it in Clause 5(iii) above
- (AAA) **“Slump Exchange Shares”** shall have the mean ascribed to it in Clause 56 of this Scheme, and the term “Slump Exchange Share” shall be construed accordingly;
- (BBB) **“Special Incentive Eligible Employees”** shall have the meaning ascribed to it in Clause 68(i) hereof;
- (CCC) **“Special Incentive IBL Option Grant Date”** shall have the meaning ascribed to it in Clause 68(iii) hereof;
- (DDD) **“Special Incentive IBL Options”** shall have the meaning ascribed to it in Clause 68(i) hereof;
- (EEE) **“Special Incentive IBL Options – Tranche 1”** shall have the meaning ascribed to it in Clause 68(iv) hereof;
- (FFF) **“Special Incentive IBL Options – Tranche 2”** shall have the meaning ascribed to it in Clause 68(iv) hereof;
- (GGG) **“Statutory Vesting Period”** shall, in relation to the stock options granted by any listed company, mean a period of 1 (one) year from the date of grant of such stock options;
- (HHH) **“Stock Exchanges”** shall have the meaning ascribed to it in Clause 1 above;
- (III) **“TCS”** shall have the meaning ascribed to it in Clause 61 below;

- (JJJ) **"TDS"** shall have the meaning ascribed to it in Clause 61 below;
- (KKK) **"Transferee Company"** shall have the meaning ascribed to it in Clause 3 above;
- (LLL) **"Transferred Undertaking"** shall mean the undertaking of the Amalgamated Company in relation to the BC Business pursuant to the Amalgamation and includes (without limitation), *inter alia*:
- (i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the BC Business, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables, security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches and centers), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities in connection with or relating to the BC Business;
  - (ii) all permits, registrations, rights, entitlements, licenses, claims, permissions, approvals, authorities, consents, deposits, privileges, exemptions including tax exemptions, any tax deducted in respect of any income received, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits in connection with or relating to the BC Business;
  - (iii) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized by BFIL;
  - (iv) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamated Company or powers or authorities granted by or to it) of whatsoever nature along with the contractual rights and obligations exclusively relating to the BC Business, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;
  - (v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the BC Business;

- (vi) all present, contingent and future liabilities appertaining or relating to the BC Business including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrues and all other duties, liabilities, undertakings and obligations (including any post-dated cheques or guarantees or other instruments which may give rise to a contingent liability in whatever form) relating to the BC Business; and
- (vii) the BFIL Employees and the Employee Benefit Funds in relation thereto;
- (MMM) **“Transferred Undertaking Value”** shall have the meaning ascribed to it in Clause 56 hereof;
- (NNN) **“Trustee”** shall have the meaning ascribed to it in Clause 28 hereof;
- (OOO) **“Unallocated BFIL Options”** shall mean such stock options of BFIL forming part of the Approved BFIL ESOP Pool that have not been granted to the eligible BFIL Employees on the Effective Date;
- (PPP) **“Warrant Price”** shall have the meaning ascribed to it in Clause 42 hereof;
- (QQQ) **“Warrant Subscription Price”** shall have the meaning ascribed to it in Clause 43 hereof;
- (RRR) **“Warrants”** shall have the meaning ascribed to it in Clause 42 hereof;

## 11. Share Capital

- (i) The share capital structure of the Amalgamating Company as on October 14, 2017 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
15,70,00,000 equity shares of INR 10/- each	INR 157,00,00,000/- (Rupees One Hundred and Fifty Seven Crores Only)
13,00,00,000 preference shares of INR 10/- each	INR 130,00,00,000/- (Rupees One Hundred and Thirty Crores Only)
<b>Issued</b>	
13,84,91,979 equity shares of INR 10/- each	INR 138,49,19,790/- (Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)
<b>Subscribed and Paid-up</b>	
13,84,91,979 equity shares of INR 10/- each	INR 138,49,19,790/- (Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)

The equity shares of the Amalgamating Company are listed on Stock Exchanges.

The Amalgamating Company has outstanding employee stock options under the BFIL ESOP Plans, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamating Company.

- (ii) The share capital structure of the Amalgamated Company as on October 14, 2017 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
70,00,00,000 equity shares of INR 10/- each	INR 700,00,00,000/- (Rupees Seven Hundred Crores Only)
<b>Issued</b>	
59,89,72,493 equity shares of INR 10/- each	INR 598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs Twenty Four Thousand Nine Hundred and Thirty Only)
<b>Subscribed and Paid-up</b>	

59,89,72,493 equity shares of INR 10/- each.	INR 598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs Twenty Four Thousand Nine Hundred and Thirty Only)
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The equity shares of the Amalgamated Company are listed on Stock Exchanges. The issued and paid-up share capital includes 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) equity shares represented by 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) global depository receipts as on October 14, 2017. The global depository receipts are listed on the Luxembourg Stock Exchange.

The Amalgamated Company has outstanding employee stock options under Existing IBL ESOP Scheme, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamated Company.

- (iii) The share capital structure of the Transferee Company as on August 6, 2018 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
5,00,00,000 equity shares of INR 10/- each	INR 50,00,00,000/- (Rupees Fifty Crore Only)
<b>Issued</b>	
7 equity shares of INR 10/- each	INR 70/- (Rupees Seventy Only)
<b>Subscribed and Paid-up</b>	
7 equity shares of INR 10/- each.	INR 70/- (Rupees Seventy Only)

The equity shares of the Transferee Company are not listed on any stock exchange in India.

## PART II

### AMALGAMATION OF THE AMALGAMATING COMPANY INTO THE AMALGAMATED COMPANY

#### SECTION 1 - TRANSFER AND VESTING OF THE AMALGAMATING UNDERTAKING

##### 12. *Transfer*

Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Amalgamating Undertaking shall, pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in the Amalgamated Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Amalgamated Company by virtue of and in the manner provided in the Scheme.

##### 13. *Transfer of Assets*

- (i) Without prejudice to the generality of Clause 12 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances of the Amalgamating Undertaking, of whatsoever nature and wherever situate, whether or not included in the books of the Amalgamating Company shall, subject to the provisions of this Clause 13 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and without any further act, deed, matter or thing, be and stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest authorities of the Amalgamated Company, subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.
- (ii) In respect of such of the assets of the Amalgamating Company as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same may be so transferred by the Amalgamating Company, and shall become the property of the Amalgamated Company with effect

from the Appointed Date pursuant to the provisions of Section 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.

- (iii) In respect of such of the assets belonging to the Amalgamating Company other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- (iv) All assets, rights, titles or interests acquired by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

14. *Contracts, Deeds, Licenses etc.*

- (i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or for the obligations of which the Amalgamating Company may be liable, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Undertaking occurs by virtue of this Scheme itself, the Amalgamated Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Amalgamating Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Company to be carried out or performed.
- (iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and subject to applicable law, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Amalgamated Company. The Amalgamated Company shall make applications to any Regulatory Authority as may be necessary in this behalf.
- (iv) Without prejudice to the provisions of Clauses 13 to 16, upon effectiveness of the Scheme and with effect from the Appointed Date, all transactions between the Amalgamating Company and the Amalgamated Company, that have not been completed, shall stand cancelled.



15. *Transfer of Liabilities*

- (i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations of the Amalgamating Company, whether or not recorded in its books and records shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to be transferred to and vested in the Amalgamated Company to the extent that they are outstanding on the Effective Date so as to become as and from the Appointed Date (or in case of any liability incurred on a date after the Appointed Date, with effect from such date) the debts, liabilities, loans, obligations and duties of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company and the Amalgamated Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts or liabilities have arisen in order to give effect to the provisions of this Clause.
- (ii) Where any of the loans raised and used, debts, liabilities, duties and obligations of the Amalgamating Company as on the Appointed Date deemed to be transferred to the Amalgamated Company have been discharged by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Amalgamated Company.
- (iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created by the Amalgamating Company from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Amalgamated Company, and shall, to the extent they are outstanding on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Amalgamated Company and shall become the loans, debts, liabilities, duties and obligations of the Amalgamated Company.
- (iv) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a liability including a contingent liability in whatever form), if any, due on the Effective Date between the Amalgamating Company and the Amalgamated Company shall automatically stand discharged and come to an end and there shall be no liability in that behalf on either the Amalgamating Company and the Amalgamated Company and the appropriate effect shall be given in the books of account and records of the Amalgamated Company.
- (v) All Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company which are being transferred to the Amalgamated Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval which may be required by a lender or trustee or third party shall not affect the operation of the above.
- (vi) The existing Encumbrances over the other assets and properties of the Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Amalgamating Company transferred to and vested in the Amalgamated Company by virtue of the Scheme.

- (vii) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
  - (viii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Amalgamated Company as part of the Scheme is modified by virtue of this Scheme.
  - (ix) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
16. *Legal, taxation and other proceedings*
- (i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamating Company, under any statute, pending on the Effective Date, shall be continued and enforced by or against the Amalgamated Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against, as the case may be, the Amalgamated Company.
  - (ii) The Amalgamated Company shall have all legal, taxation or other proceedings initiated by or against the Amalgamating Company referred to in Clause 16(i) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Amalgamated Company.
17. *Employees*
- (i) Upon the coming into effect of this Scheme, all BFIL Employees shall become the employees of the Amalgamated Company, subject to the provisions hereof without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Amalgamating Company and without any interruption of service as a result of the Amalgamation. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BFIL Employees with the Amalgamating Company shall also be taken into account, and paid (as and when payable) by the Amalgamated Company.
  - (ii) In so far as the Employee Benefit Funds created by the Amalgamating Company or in respect of which the Amalgamating Company makes contributions, for the BFIL Employees, all amounts standing to the credit of the BFIL Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds shall be transferred to such Employee Benefit Funds nominated by the Amalgamated Company and/or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Amalgamated Company, or to the government provident fund in case of BFIL Employees who are not eligible to become members of the provident fund maintained by the Amalgamated Company.
  - (iii) In relation to those BFIL Employees who are not covered under the provident fund trust of the Amalgamating Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamating Company is making contributions to the government provident fund, the Amalgamated Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such provident

fund trust shall become those of the Amalgamated Company.

- (iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BFIL Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamating Company. It is clarified that upon transfer of the aforesaid funds to the respective funds of the Amalgamated Company, the existing trusts created for such funds by the Amalgamating Company shall stand dissolved.

Notwithstanding the aforesaid, the Board of the Amalgamated Company, if it deems fit and subject to applicable law, shall be entitled to:

- (a) retain separate trusts or funds within the Amalgamated Company for the erstwhile fund(s) of the Amalgamating Company; or
- (b) merge the pre-existing funds of the Amalgamating Company with other similar funds of the Amalgamated Company.

18. *Treatment of existing BFIL Options*

- (i) The Eligible Employees holding BFIL Options which have vested as of the Implementation Agreement Execution Date shall be entitled to exercise such BFIL Options as per the terms of grant under the BFIL ESOP Plans until the Effective Date. To the extent such Eligible Employees have not exercised their vested BFIL Options until the Effective Date, the Amalgamated Company shall issue equivalent stock options to such Eligible Employees on the Effective Date on the basis of the Share Exchange Ratio.

- (ii) Upon the effectiveness of the Scheme, the Amalgamated Company shall grant to the Eligible Employees, on the basis of the Share Exchange Ratio, 639 (Six Hundred and Thirty Nine) stock options of the Amalgamated Company in lieu of every 1,000 (One Thousand) BFIL Options held by them, which shall vest as follows:

- (a) In case of Eligible Employees holding BFIL Options which have already vested or are to vest within a period of 12 (twelve) months from the Effective Date, the Amalgamated Company shall, subject to completion of the Statutory Vesting Period in relation to such BFIL Options, grant to such Eligible Employees stock options which shall vest immediately, on the Effective Date.

It is hereby clarified that the exercise date for the stock options granted by the Amalgamated Company pursuant to this clause shall continue to be as per the exercise date, determined with reference to the vesting date of the corresponding BFIL Options as originally stipulated under the relevant BFIL ESOP Plan.

- (b) In case of:
  - (A) Eligible Employees holding BFIL Options which are to vest within a period of 12 (twelve) months from the Effective Date but where the Statutory Vesting Period has not elapsed; and
  - (B) Eligible Employees holding BFIL Options which are to vest after a period of 12 (twelve) months from the Effective Date, the Amalgamated Company shall issue stock options to such Eligible Employees on the Effective Date which shall vest after the expiry of the residual vesting period of the corresponding BFIL Options. Provided that the grant of the stock options by the Amalgamated Company shall not be treated as a fresh grant and the period during which the corresponding BFIL Options were held by such Eligible Employees shall be adjusted against the Statutory Vesting Period.

- (iii) The stock options issued by the Amalgamated Company to the Eligible Employees in terms of sub-clause (i) above are hereinafter referred to as the “**Amalgamated Company Options**” and shall be granted by the Amalgamated Company either under (a) the

Existing IBL ESOP Scheme; or (b) a new employee stock option scheme to be created by it for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme ("New **IBL ESOP Scheme**"). The terms and conditions applicable to the Amalgamated Company Options shall be no less favourable than those provided under the BFIL ESOP Plans.

- (iv) For the purposes of the grant of the Amalgamated Company Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.
- (v) The exercise price payable for each IBL Share issued pursuant to the exercise of the Amalgamated Company Options by the Eligible Employees shall be equal to the quotient of the exercise price payable for each Amalgamating Company share under the respective BFIL ESOP Plans divided by the Share Exchange Ratio (rounded up to the nearest integer).
- (vi) The grant of the Amalgamated Company Options to the Eligible Employees pursuant to the provisions this Clause 18, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamating Company and the Amalgamated Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the BFIL ESOP Schemes and the grant of the Amalgamated Company Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme, modifying the Existing IBL ESOP Scheme, modifying the exercise price and vesting period of the BFIL Options and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.
- (vii) Subject to applicable law, the entitlement of the Eligible Employees to the Amalgamated Company Options and the adjustments to be made in the exercise price of the Amalgamated Company Options shall be appropriately reflected in the accounts of the Amalgamated Company.
- (viii) The Board and the relevant committees of the Board of the Amalgamating Company and/or the Amalgamated Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 18, in view of this Scheme and in accordance with the provisions of applicable laws including SEBI SBEB Regulations.

## **Section 2 – Taxation Matters**

- 19. Upon the Scheme coming into effect, all taxes/cess/duties paid, payable, received or receivable by or on behalf of the Amalgamating Company, including all or any refunds, claims or entitlements as to minimum alternate tax credits, taxes paid in advance, and/or taxes deducted at source, including refunds or claims pending with the revenue authorities, if any, shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds, minimum alternate tax paid by the Amalgamated Company, and the resulting entitlements for set-off and credits thereof as being of the Amalgamated Company.
- 20. All compliances with respect to taxes or any other applicable laws between the Appointed Date and Effective Date, undertaken by the Amalgamating Company, shall, upon the effectiveness of this Scheme, be deemed to have been complied with, by the Amalgamated Company. Any taxes deducted by the Amalgamated Company from payments made to the Amalgamating Company shall be deemed to be advance tax paid by the Amalgamated Company, subject to provisions of Clause 60 of this Scheme.

## **Section 3 - Conduct of Business until the Effective Date**

- 21. With effect from the Appointed Date and up to and including the Effective Date:
  - (i) the Amalgamating Company shall and shall be deemed to have been carrying on all

business and activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Amalgamated Company;

- (ii) all profits and income accruing to the Amalgamating Company, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), for the period from the Appointed Date based on the accounts of the Amalgamating Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Amalgamated Company; and
  - (iii) any of the rights, powers, authorities, privileges exercised by the Amalgamating Company shall be deemed to have been exercised by the Amalgamating Company for and on behalf of, and in trust for and as an agent of the Amalgamated Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Amalgamated Company; and
  - (iv) all assets acquired and all liabilities incurred by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Amalgamated Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions and trustees for the debenture holders.
22. During the period between the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and the Effective Date, the business of the Amalgamating Company and the Amalgamated Company shall be carried out with diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with applicable law.
23. The Amalgamating Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamated Company:
- (i) sell, transfer, alienate, charge, mortgage, or Encumber the Amalgamating Undertaking or any part thereof;
  - (ii) either incorporate a subsidiary or acquire an interest in an entity so as to constitute such entity as a subsidiary of the Amalgamating Company;
  - (iii) make any alteration to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, other than as may be required by law;
  - (iv) declare any dividend, announce any buy back of securities or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and/or convertible shares/debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner, other than:
    - (a) except as may be expressly required or permitted under this Scheme; or
    - (b) the granting of stock options from the Approved BFIL ESOP Pool; or
    - (c) the issuance of equity shares of BFIL pursuant to the exercise of any BFIL Options already granted under the BFIL ESOP Plans.



- (v) make any material change to major internal policies, including material change in its financial, accounting and/ or tax policies, except to the extent required by any change in applicable law or accounting standards;
  - (vi) initiate any steps to liquidate, wind up or dissolve itself.
24. The Amalgamated Company shall be entitled to declare and pay dividends, whether interim or final, to its shareholders in respect of the accounting period after the date of approval of the Scheme by the Board of the Amalgamated Company and the Board of the Amalgamating Company and prior to the Effective Date subject to applicable law and the Act and in accordance with the Amalgamated Company's existing dividend policy as on the date of the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company.
25. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member the Amalgamated Company to demand or to claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Amalgamated Company.
26. The Amalgamated Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamating Company:
- (i) sell, transfer, alienate, charge, mortgage, or Encumber its assets (in whole or in part) or any part thereof exceeding 25 % (twenty five per. cent.) of its total assets;
  - (ii) announce any buy-back or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and /or convertible shares / debentures or otherwise), decrease, reduction, re-classification, sub-division, consolidation, re-organization, or in any other manner, other than:
    - (a) raising capital or issuing securities to any person (s) aggregating to up to 10 % (ten per. cent.) of the paid up share capital of as on the Exclusivity Agreement Date;
    - (b) grant of stock options to its employees under the Existing IBL ESOP Plan; and
    - (c) issuance of IBL Shares pursuant to the exercise of the stock options that have been granted under the Existing IBL ESOP Plan.
  - (iii) enter into or undertaken any amalgamation, merger, re-organization, or other similar or related action where IBL is not the surviving entity;
  - (iv) initiate any steps to liquidate, wind-up or dissolve itself; and
  - (v) make any alterations to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, which results in a Material Adverse Effect (as defined under the Implementation Agreement).

#### **Section 4 - Issue of Shares for Amalgamation**

27. Upon the Effective Date and in consideration of the transfer and vesting of the Amalgamating Undertaking in the Amalgamated Company pursuant to Part II of this Scheme, the Amalgamated Company shall, without any further act or deed, issue and allot to the shareholders of the Amalgamating Company whose names are recorded in the register of members as a member of the Amalgamating Company on the Record Date or their legal heirs, executors or administrators or (in case of a corporate entity) its successors, 639 (Six Hundred and Thirty Nine) IBL Shares, credited as fully paid up, for every 1,000 (One Thousand) equity shares of the face value of INR 10/ (Rupees Ten Only) each fully paid-up held by such member in the Amalgamating Company (the "**Share Exchange Ratio**").

28. If any member becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Amalgamated Company in accordance with Clause 27 of this Scheme, the Board of the Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Amalgamated Company (the “Trustee”), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times within 60 (sixty) days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Amalgamated Company, the net sale proceeds (after deduction of applicable taxes and costs incurred) thereof and any additions and accretions, whereupon the Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Amalgamating Company in proportion to their respective fractional entitlements.
29. Unless otherwise notified in writing on or before such date as may be determined by the Board of the Amalgamated Company or a committee thereof, the IBL Shares issued to the members of the Amalgamating Company by the Amalgamated Company shall be issued in dematerialized form by the Amalgamated Company provided that the details of the depository accounts of the members of the Amalgamating Company are made available to the Amalgamated Company by the Amalgamating Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Amalgamated Company, it shall issue the IBL Shares to the members of the Amalgamating Company in physical form.
30. In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Amalgamating Company, the Board of the Amalgamated Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Amalgamating Company and in relation to the shares issued by the Amalgamated Company, after the effectiveness of the Scheme. The Board of the Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Amalgamated Company on account of difficulties faced in the transaction period.
31. Where IBL Shares are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Amalgamating Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of the Amalgamated Company.
32. The IBL Shares issued in terms of this Scheme shall, in compliance with applicable regulations, be listed and/or admitted to trading on the Stock Exchanges where the shares of the Amalgamated Company are listed and/ or admitted to trading. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the relevant stock exchanges.
33. The IBL shares to be issued and allotted by the Amalgamated Company in terms of this Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company and shall rank pari passu in all respects and shall have the same rights attached to them the then existing equity shares of the Amalgamated Company.
34. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company as are subject to lock-in pursuant to applicable law, shall remain locked-in as required under applicable law.
35. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company, the allotment or transfer of which is

held in abeyance under applicable law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Amalgamated Company.

36. The IBL Shares issued pursuant to this Scheme have not been, and will not be registered under the United States Securities Act of 1933 in reliance upon the exemption from the registration requirements under the Securities Act provided by Section 3(a)(10) of the Securities Act (the “**Section 3(a)(10) Exemption**”). The sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the IBL Shares issued pursuant to this Scheme for the Section 3(a)(10) Exemption. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the Securities Act, each of the Amalgamating Company and the Amalgamated Company undertake that:
- (i) shareholders of each of the Amalgamating Company, as against their equity shares in the Amalgamating Company, shall receive the equity shares of the Amalgamated Company and shall not receive cash or other consideration; and
  - (ii) the Scheme shall become effective only after it has been approved by the NCLT following the hearings by the NCLT

### **Section 5 – Changes to the share capital of the Amalgamated Company**

37. *Increase of the authorised share capital*

- (i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Amalgamated Company shall automatically stand increased, without any further act, instrument or deed on the part of the Amalgamated Company, such that upon the effectiveness of the Scheme, the authorised share capital of the Amalgamated Company shall be INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) comprising of 85,70,00,000 equity shares of INR 10 (Rupees Ten) each, without any further act, deed, resolution, instrument or writing. The capital clause of the Memorandum of Association of the Amalgamated Company shall, upon the coming into effect of this Scheme and without any further act, deed, instrument, resolution or writing be altered and modified as follows:

#### **MEMORANDUM OF ASSOCIATION**

*“The Authorized Share Capital of the Company is INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) divided into 85,70,00,000 equity shares of INR 10 (Rupees Ten) each ...”*

- (ii) It is clarified that for the purposes of this Clause (ii) above, the consent of the members of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Amalgamated Company, and no further resolution under Section 13, Section 14, Section 61 or any other applicable provisions of the Act would be required to be separately passed. In accordance with Section 232 (3)(i) of the Act, the stamp duties and fees (including registration fee) paid on the authorised share capital of the Amalgamating Company shall be utilized and applied to the increased authorised share capital of the Amalgamated Company and there would be no requirement for any further payment of stamp duty and/or fee by the Amalgamated Company for increase in the authorised share capital to that extent.

38. *Change in the issued, subscribed and paid-up share capital*

Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Amalgamated Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with the Scheme. It is clarified that no special resolution under Section 62 of the Companies Act, 2013 shall be required to be passed by the Amalgamated Company separately in a general meeting for issue of IBL Shares to the members of the Amalgamating Company under this Scheme and for the members of the Amalgamated

Company approving this Scheme, it shall be deemed that they have given their consent to the issue of the IBL Shares to the members of the Amalgamating Company in terms of the Scheme.

#### **Section 6 – Accounting Treatment**

39. Notwithstanding anything to the contrary contained herein, upon this Scheme becoming effective, the Amalgamated Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act, as applicable.
40. The goodwill or any other intangible assets if any, acquired on the Appointed Date, shall be set-off against the securities premium arising out of the business combination on the Appointed Date.

#### **Section 7 – Dissolution**

41. Upon the coming into effect of the Scheme, the Amalgamating Company shall stand dissolved without winding up.

### **PART III – PREFERENTIAL ALLOTMENT**

#### **Section 1 - Issue and allotment of Warrants by the Amalgamated Company on a preferential basis**

42. Subject to the effectiveness of the Scheme and upon the allotment of the IBL Shares pursuant to the Amalgamation in accordance with Clause 27 of this Scheme, the Amalgamated Company shall, pursuant to this Scheme and as an integral part hereof, issue and allot to the IBL Promoters on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) share warrants ("**Warrants**"), each convertible into 1 (one) IBL Share, such that upon exercise of all the Warrants, and together with the IBL Shares already held by them, the IBL Promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis (such allotment, the "**Preferential Allotment**"). The "relevant date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI Preferential Allotment Circular and the price at which the Warrants shall be issued has been determined in accordance with the SEBI ICDR Regulations and the SEBI Preferential Allotment Circular ("**Warrant Price**"), and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.
43. In accordance with the provisions of the SEBI ICDR Regulations:
  - (i) the IBL Promoters shall pay an amount equivalent to 25% (twenty five per. cent.) of the Warrant Price (the "**Warrant Subscription Price**") for subscription to the Warrants on the Effective Date;
  - (ii) the option against the Warrants shall be exercised by the IBL Promoters within 18 (eighteen) months from the date of their allotment ("**Warrant Exercise Period**"), at the option of the IBL Promoters;
  - (iii) The balance 75% (seventy five per. cent.) of the Warrant Price shall be paid by the IBL Promoters upon exercise of the option against the Warrants;
  - (iv) In the event any IBL Promoter does not exercise its option against the Warrants within the Warrant Exercise Period, the total Warrant Subscription Price paid by such IBL Promoter shall be forfeited by the Amalgamated Company and the Warrants shall lapse, to the extent that the option attached to such Warrants has not been exercised; and
  - (v) The IBL Shares allotted pursuant to the exercise of the option against the Warrants shall be subject to a lock-in for such period as specified under SEBI ICDR Regulations.
44. It is hereby clarified that for the purposes of Clause 42, the consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the issuance and allotment of the Warrants of the Amalgamated Company to the IBL Promoters and no further

resolutions, approvals or authorization of the shareholders of the Amalgamated Company under Sections 42 and 62(1)(c) of the Act and/or any other applicable law would be separately required subject to the provisions of the SEBI Scheme Circular.

#### **PART IV – SLUMP EXCHANGE OF THE TRANSFERRED UNDERTAKING**

##### **Section 1 - Transfer and Vesting of the Transferred Undertaking**

45. Subject to effectiveness of Part II of the Scheme and with effect from the Appointed Date, the Transferred Undertaking shall stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Transferee Company as a going concern on a slump exchange basis, in accordance with this Part of the Scheme, in lieu of which the Slump Exchange Shares shall be issued by the Transferee Company to the Amalgamated Company. All references to the term 'Amalgamated Company' in this Part IV of the Scheme shall mean the Amalgamated Company after giving effect to the Amalgamation of the Amalgamating Company into the Amalgamated Company with effect from the Appointed Date.
46. *Transfer of Assets*
- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) shall, subject to the provisions of this Clause 46 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.
- (ii) In respect of such of the assets of the Transferred Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, payment or by endorsement and delivery, the same may be so transferred, and shall become the property of the Transferee Company as an integral part of the Transferred Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.
- (iii) In respect of such of the assets belonging to the Transferred Undertaking other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- All assets, right, title or interest acquired after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
47. *Contracts, Deeds, Licenses etc.*
- (i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible or for the obligations of which the Amalgamated Company may be liable, and which are subsisting or have effect immediately before the Effective



Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if the Transferee Company had been a party or beneficiary or obligee thereto.

- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Amalgamated Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamated Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamated Company to be carried out or performed.
  - (iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in relation to the Transferred Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to any Regulatory Authority as may be necessary in this behalf.
48. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking cannot be transferred to the Transferee Company for any reason whatsoever, the Amalgamated Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, insofar as it is permissible so to do, till such time as the transfer is effected.
49. *Transfer of Liabilities*
- (i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations relating to the Transferred Undertaking as on the Appointed Date including (i) all liabilities which arose out of the activities or operations of the Transferred Undertaking; and (ii) any specific loans or borrowings (including debentures) raised, incurred and utilized solely for the activities or operations of the Transferred Undertaking, shall without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company to the extent that they are outstanding on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Transferee Company:
  - (ii) Where any of the loans raised and used, debts, liabilities, duties and obligations as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Amalgamated Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
  - (iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created for the operations of the Transferred Undertaking from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall, to the extent they are outstanding

on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company.

- (iv) In so far as the existing Encumbrances in respect of the liabilities pertaining to the Transferred Undertaking are concerned, or those, if any, created after the Appointed Date in accordance with this Scheme over the assets comprised in the Transferred Undertaking transferred to the Transferee Company by virtue of this Scheme, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over such assets comprised in the Transferred Undertaking which have been Encumbered in relation to the aforesaid liabilities. Provided that if any of the assets comprised in the Transferred Undertaking which are being transferred to the Transferee Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval which may be required by a lender or trustee or third party shall not affect the operation of the above.
- (v) For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrances over such assets in relation to the liabilities of the Transferred Undertaking transferred to the Transferee Company in accordance with this Scheme shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Transferred Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities or liabilities pertaining to the Remaining Business, shall without any further act or deed be released and discharged from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- (vi) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company and the Transferee Company shall execute any instrument/s and/or document/s with such other party, as may be required, and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- (vii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (viii) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

50. *Legal, taxation and other proceedings*

- (i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings including claims, disputes, causes of action, litigation, etc., whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamated Company and relating to the Transferred Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Transferee Company after the Effective Date.

- (ii) The Transferee Company undertakes to have all legal and other proceedings initiated by or against the Amalgamated Company referred to in sub-clause (i) above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Amalgamated Company.
- (iii) Notwithstanding the above, in case the proceedings referred to in sub-clause (i) above cannot be transferred for any reason, or the transfer takes time, till such transfer the Amalgamated Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Amalgamated Company against all liabilities and obligations incurred by the Amalgamated Company in respect thereof.

51. *Employees*

- (i) Pursuant to completion of Part IV of this Scheme, all BC Business Employees shall become the employees of the Transferee Company, subject to the provisions hereof, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged prior to the date of transfer and without any interruption of service as a result of the transfer of the Transferred Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BC Business Employees with the Amalgamated Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.
- (ii) All amounts standing to the credit of the BC Business Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds which stand to the credit of the BC Business Employees shall be transferred to such Employee Benefit Funds nominated by the Transferee Company and/ or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Transferee Company, or to the government provident fund in case of BC Business Employees who are not eligible to become members of the provident fund maintained by the Transferee Company. On and from the Effective Date, with effect from the Appointed Date, and subject to getting the Scheme approved by the relevant authorities, the Transferee Company shall make the necessary contributions for such BC Business Employees in relation to the Employee Benefit Funds.
- (iii) In relation to those BC Business Employees who are not covered under the provident fund trust of the Amalgamated Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamated Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Amalgamated Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamated Company in relation to such provident fund trust shall become those of the Transferee Company.
- (iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BC Business Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamated Company.

52. *Treatment of the Amalgamated Company Options / Special Incentive IBL Options*

Upon Part IV of the Scheme becoming effective, the employees of the Amalgamated Company (irrespective of whether they continue to be employees of the Amalgamated Company or are transferred to the Transferee Company) holding any options (whether vested or unvested) under the Existing IBL ESOP Scheme or under the New IBL ESOP Scheme, shall continue to

hold such options on the respective terms and conditions as has been prior to the coming into effect of Part IV of the Scheme.

## Section 2 – Remaining Business

53. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Amalgamated Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for debenture-holders.
54. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Amalgamated Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Amalgamated Company in respect of the Remaining Business) shall be continued and enforced by or against the Amalgamated Company after the Effective Date, which shall keep the Transferee Company fully indemnified in that behalf.
55. With effect from the Appointed Date and up to and including the Effective Date:
  - (i) the Amalgamated Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
  - (ii) all profits accruing to the Amalgamated Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Amalgamated Company; and
  - (iii) all assets and properties acquired by the Amalgamated Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Amalgamated Company.

## Section 3 - Slump Exchange

56. The Transferred Undertaking shall be transferred from the Amalgamated Company to the Transferee Company at its value appearing in the books as on the Appointed Date, i.e. Rs. 43,70,35,000 (Rupees Forty Three Crore Seventy Lakhs and Thirty Five Thousand) ("**Transferred Undertaking Value**"). Accordingly, upon this Part IV becoming effective, in consideration of the transfer and vesting of the Transferred Undertaking to the Transferee Company on the Effective Date, or on such later date as the Amalgamated Company may consent to in writing, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand and Five Hundred) equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value ("**Slump Exchange Shares**").
57. The Slump Exchange Shares shall rank pari passu in all respects, with the existing equity shares in the Transferee Company. The shares issued to the Amalgamated Company by the Transferee Company pursuant to Clause 56 above, shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the Amalgamated Company to the Transferee Company. The approval and consent to this Scheme by the shareholders of the Transferee Company pursuant to Sections 230 to 232 of the Act, shall be deemed to mean that such shareholders have also accorded their consent for the issuance of shares by the Transferee Company to the Amalgamated Company pursuant to this Scheme, and other provisions of the Act, as may be applicable.

#### Section 4 – Taxation Matters

58. Liabilities, if any, on account of income-tax in relation to the transfer of the Transferred Undertaking shall be on account of the Amalgamated Company.
59. Any liabilities on account of income-tax in relation to the Amalgamated Company in relation to the Transferred Undertaking and pertaining to the period prior to the Appointed Date, including all or any liability/ refunds/ credits/claims pertaining to the period before the Appointed Date shall be treated as liability/refunds/credits/claims of the Amalgamated Company.
60. Any tax deduction made by the Amalgamated Company from amounts paid to the Transferred Undertaking of Amalgamating Company between the Appointed Date and the Effective Date shall be deemed to have been made by the Amalgamated Company towards income of Transferee Company. All indirect tax refund, rebate, credit, payment, set-off or deductions shall be deemed to have been on account of or paid by the Transferee Company.
61. Upon the Scheme coming into effect and with effect from the Appointed Date, the Transferee Company shall be permitted to revise its income-tax returns, Tax Deducted at Source (“TDS”) returns and Tax Collected at Source (“TCS”) returns and other direct and indirect tax returns and claim refunds/credits pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

Upon the Scheme coming into effect and with effect from the Appointed Date, the Amalgamated Company shall be permitted to revise its income-tax returns, TDS returns, TCS returns and other direct and indirect tax returns, and claim refunds/credits pertaining to the Remaining Business pursuant to the provisions of the Scheme.

62. *Increase in authorised capital of the Transferee Company*
- (i) Upon this Scheme coming into effect and with effect from the Appointed Date, the authorized share capital of the Transferee Company shall stand increased from INR 50,00,00,000 (Rupees Fifty Crore) to INR 60,00,00,000 (Rupees Sixty Crore).
- (ii) The capital clause of the Memorandum of Association of the Transferee Company shall, as a part of and, upon the coming into effect of the Scheme and without any further act, deed, instrument, resolution or writing, be replaced by the following clause:  
*“V. The authorised share capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore) divided into 6,00,00,000 (Six Crore) equity shares of Rs. 10 (Rupees Ten) each ...”*
- (iii) It is hereby clarified that for the purpose of this Clause 62, that the consent of the shareholders of the Transferee Company shall be sufficient for the purposes of effecting the above amendment in the authorized share capital of the Transferee Company, and shall be deemed to include consent under any other provision of the Act that may be applicable, and that no further resolution under any provisions of the Act would be separately required. Notwithstanding anything contained in Clause 73 of this Scheme, the Transferee Company shall discharge the applicable filing fees and stamp duty in relation to the increase of the authorized share capital of the Transferee Company.

#### Section 6 – Accounting Treatment

The Slump Exchange of the Transferred Undertaking by the Amalgamated Company to the Transferee Company in exchange for Slump Exchange Shares shall be accounted as follows upon the Scheme becoming effective:

63. *In the books of the Amalgamated Company*
- (i) The accounts representing the assets and liabilities pertaining to the Transferred Undertaking in the books of the Amalgamated Company shall stand closed upon the transfer of the Transferred Undertaking to the Transferee Company.
- (ii) Any difference arising on account of excess of the net assets transferred over the Transferred Undertaking Value detailed under Clause 56 or vice versa shall be recognized



in the statement of profit and loss/ general reserve/ capital reserve/ investment in subsidiary as per the relevant accounting principles.

64. *In the books of the Transferee Company*

- (i) The Transferee Company shall upon the Scheme coming into effect, record all assets and liabilities of the Amalgamated Company pertaining to the Transferred Undertaking vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Amalgamated Company.
- (ii) The Transferee Company shall credit to its equity share capital account the aggregate face value of the Slump Exchange Shares, issued and allotted by it to the Amalgamated Company pursuant to Clause 56 of this Scheme.
- (iii) The difference arising pursuant to the Scheme shall be transferred to goodwill/ capital reserve/ other equity.

**Section 7 – Change of Name of the Transferee Company**

- 65. Subject to Applicable Law, as a part of the Scheme and upon its effectiveness, the name of the Transferee Company shall be changed to “Bharat Financial Inclusion Limited”, being the name of the Amalgamating Company. The Transferee Company shall take all necessary steps to give effect to such change of name.
- 66. From the Effective Date till the time necessary formalities relating to the change of name is completed, the Transferee Company shall be eligible to use its present name ‘IndusInd Financial Inclusion Limited’ to ensure continuity of its operations.
- 67. The above shall be effected as an integral part of the Scheme and shall be deemed to be in due compliance of the applicable provisions of the Act.

**PART V – GRANT OF SPECIAL INCENTIVE OPTIONS**

68.

*Grant of Special Incentive IBL Options*

- (i) Upon Part II of this Scheme becoming effective, the Amalgamated Company shall, in order to ensure continuity and retention of the BFIL Employees with IBL, create a New IBL ESOP Scheme in terms of which IBL shall grant to specified BFIL Employees (“**Special Incentive Eligible Employees**”), stock options of the Amalgamated Company as a special incentive (collectively referred to as “**Special Incentive IBL Options**”).
- (ii) The total number of Special Incentive IBL Options shall be such that, upon conversion, the holders thereof would be entitled to such number of IBL shares as are equivalent in value to BFIL shares that would have been held by them upon grant and conversion of an aggregate of: (a) the Unallocated BFIL Options; and (b) an additional 35,00,000 (thirty five lakh) BFIL Options on terms that are no less favourable than those of the Unallocated BFIL Options, as determined in accordance with the Share Exchange Ratio. The Special Incentive IBL Options shall vest in the manner set out in sub-clause (iv) below.
- (iii) All the Special Incentive IBL Options shall be granted on a date within 30 (thirty) days of the Effective Date (“**Special Incentive IBL Option Grant Date**”). The BFIL Employees who shall constitute the Special Incentive Eligible Employees, the quantum of the Special Incentive IBL Options to be granted to each Special Incentive Eligible Employee, and other terms and conditions in relation to the Special Incentive IBL Options shall be determined by the nomination and remuneration committee of the Board of IBL, on the basis of recommendations received from the BFIL senior management (as defined in the Implementation Agreement).
- (iv) The Special Incentive IBL Options shall vest in the following manner:
  - (a) 50 % (fifty per. cent.) of the Special Incentive IBL Options (“**Special Incentive IBL Options – Tranche 1**”) shall have a staggered vesting period of 3 (three)

- years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 1 shall vest on each of the first anniversary, the second anniversary and the third anniversary of the Special Incentive IBL Options Grant Date;
- (b) 50 % (fifty per. cent.) of the Special Incentive IBL Options (“**Special Incentive IBL Options – Tranche 2**”) shall have a staggered vesting period of 4 (four) years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 2 shall vest on each of the second anniversary, the third anniversary and the fourth anniversary of the Special Incentive IBL Options Grant Date.
  - (v) For the purposes of the grant of the Special Incentive IBL Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.
  - (vi) The grant of the Special Incentive IBL Options to the Special Incentive Eligible Employees pursuant to the provisions this Clause 68, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the grant of the Special Incentive IBL Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.
  - (vii) Subject to applicable law, the entitlement of the Special Incentive Eligible Employees to the Special Incentive IBL Options shall be appropriately reflected in the accounts of the Amalgamated Company.
  - (viii) The Board and the relevant committees of the Board of the Amalgamated Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 68, in view of this Scheme and in accordance with the provisions of applicable laws including the SEBI SBEB Regulations.

## **PART VI – GENERAL TERMS AND CONDITIONS**

*The provisions of this Part shall be applicable to Part II, Part III, Part IV and Part V of the Scheme.*

- 69. The Amalgamating Company, IBL and the Transferee Company shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 and 232 of the Act.
- 70. The Amalgamating Company (by its Board), IBL (by its Board) and the Transferee Company (by its Board), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:
  - (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which the NCLT may deem fit to approve or impose, and/or effect any other modification or amendment which the Boards of the Amalgamating Company, IBL and the Transferee Company may jointly and mutually agree in writing, consider necessary or desirable and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.
  - (ii) any modification to this Scheme by the NCLT shall not be binding on the Amalgamating Company, IBL or the Transferee Company except where its prior consent has been obtained.
  - (iii) give such directions (acting jointly) as may be mutually agreed in writing by the Amalgamating Company, IBL and the Transferee Company as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty

arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law).

- (iv) in their full and absolute discretion and by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.
- (v) determine jointly by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Transferred Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose.

71. *Severability*

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement between the Amalgamating Company, IBL and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

72. The coming into effect of this Scheme is conditional upon and subject to:

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot/ e-voting, as applicable) and creditors (where applicable) of the Amalgamating Company, IBL and the Transferee Company, as required under the Act, subject to any dispensation that may be granted by the NCLT.
- (ii) this Scheme having been approved by a majority of the public shareholders of IBL (passed through postal ballot/ e-voting, as applicable) in accordance with the requirements set out in the SEBI Scheme Circular;
- (iii) sanctions and orders under the provisions of Sections 230 to 232 of the Act being obtained from the NCLT;
- (iv) the certified copies of the order of the NCLT approving this Scheme being filed with the Registrar of Companies, Maharashtra;
- (v) receipt of the approvals of the RBI for the Amalgamation and the issuance of the IBL Shares to the shareholders of BFIL, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking, in terms of this Scheme;
- (vi) the Stock Exchanges issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme, to the Amalgamated Company and the Amalgamating Company including comments/ approval after sanction of the Scheme by NCLT, as required under the SEBI Listing Regulations read with the SEBI Scheme Circular;
- (vii) receipt of the approval from the CCI under the Competition Act, 2002 for the Amalgamation and the Slump Exchange (if necessary);
- (viii) any other approval as may be required for the Amalgamation and the issuance of the IBL Shares to the shareholders of Amalgamating Company, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking in terms of this Scheme as a result of a change in law, rule or regulation or written requirement of a Regulatory Authority on or after the Implementation Agreement Execution Date or interpretation of any existing law, rule or regulation on or after the relevant date; and
- (ix) the Implementation Agreement not having been terminated in accordance with the terms thereof prior to the later of the dates on which conditions (ii) to (vii) are satisfied.

73. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the NCLT. Provided that, all costs and expenses in relation to registration, stamping, regulatory approvals and all other costs in respect of this Scheme shall be borne in the manner agreed in the Implementation Agreement.

S.R. Batliboi & Co. LLP Chartered Accountants The Ruby, 14 <sup>th</sup> floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028, India.	Deloitte Haskins & Sells Chartered Accountants 19 <sup>th</sup> Floor, Shapath-V, S.G. Highway, Ahmedabad -380015, Gujarat.
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**Dated: 13 October 2017**

**To**

<b>The Board of Directors, Bharat Financial Inclusion Limited</b> My Home Tycoon, 3rd Floor Block A, 6-3-1192, Kundanbagh, Begumpet, Hyderabad - 500016 Telangana, India.	<b>The Board of Directors, IndusInd Bank Limited</b> 2401 Gen. Thimmayya Road (Cantonment), Pune - 411 001, India.
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**Sub: Recommendation of Fair Equity Share Exchange ratio for the purpose of the proposed merger of Bharat Financial Inclusion Limited into IndusInd Bank Limited**

Dear Madam/Sir,

We refer to the engagement/appointment letters whereby,

- Bharat Financial Inclusion Limited (hereinafter referred to as "BFIL") has requested S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC"); and
- IndusInd Bank Limited (hereinafter referred to as "IBL") has requested Deloitte Haskins & Sells (hereinafter referred to as "DHS")

for recommendation of the Fair Equity Share Exchange ratio (hereinafter referred to as ("Fair Equity Share Exchange ratio) for the proposed merger of BFIL into IBL (hereinafter referred to as "Proposed Merger").

IBL and BFIL are hereinafter jointly referred to as "Companies". The Fair Equity Share Exchange ratio for this report refers to number of equity shares of face value of INR 10/- each of IBL, which would be issued to equity shareholders of BFIL in lieu of their equity shareholding in BFIL pursuant to the Proposed Merger.





SRBC and DHS are hereinafter jointly referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint Fair Equity Share Exchange Ratio Report ("Share Exchange Ratio Report" or "Report").

#### **SCOPE AND PURPOSE OF THIS REPORT**

IBL offers commercial, transactional and electronic banking products and services. The equity shares of IBL are listed on National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE"). IBL was founded in 1994. IBL had reported consolidated total revenue and profit after tax of INR 185,771.6 million and INR 28,678.9 million respectively, for the year ended 31 March 2017.

BFIL is a Non-Banking Financial Company ("NBFC") which provides micro finance services in India. BFIL was formerly known as SKS Microfinance Limited. The equity shares of BFIL are listed on NSE and BSE. BFIL was founded in 2003. BFIL had reported consolidated total revenue and profit after tax of INR 17,279 million and INR 2,896.9 million respectively, for the year ended 31 March 2017.

We understand that the managements of IBL and BFIL ("Management/s") are contemplating the merger of BFIL into IBL ("Proposed Merger") under a composite scheme of Arrangement and Amalgamation under the provisions of Sections 230-232 of the Companies Act, 2013 and, the Companies Rules 2016, relevant regulations and directions of RBI, and other applicable securities and capital market laws and rules issued thereunder to the extent applicable. As a consideration for this Proposed Merger, equity shareholders of BFIL would be issued equity shares of IBL.

We understand that the appointed date for the Proposed Merger is 01 January 2018 or such other date as approved by the Courts/ regulatory authorities.

For the aforesaid purpose, the Board of Directors of BFIL and IBL have appointed SRBC and DHS, respectively, to submit a joint Share Exchange Ratio Report for recommending the Fair Equity Share Exchange ratio, for the issue of IBL's equity shares to the equity shareholders of BFIL. This report will be placed before the Audit Committee and Board of Directors of IBL and BFIL as per the relevant SEBI circulars, and to the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger.





The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of IBL and BFIL and report on the Fair Equity Share Exchange Ratio for the Proposed Merger in accordance with generally accepted professional standards.

The Valuers have been appointed severally and not jointly and have worked independently in their analysis. Both the Valuers have received information and clarifications from their respective clients. The Valuers have independently arrived at different values per share of IBL and BFIL. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the proposed merger, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

We have been provided with audited financial statements and other financial information of IBL and BFIL for the year ended 31 March 2017 and latest available quarterly results of respective companies. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. The current valuation does not factor impact of any event which is unusual or not in normal course of business. Further, the Management has informed us that all material information impacting the Companies have been disclosed to us.

The Management has informed us that:

- (a) There would not be any capital variation in the Companies till the Proposed Merger becomes effective without approval of the shareholders other than on account of existing ESOP Scheme which would not be material;
- (b) Neither Companies would declare any dividend which are materially different than those declared in the past few years.
- (c) There are no unusual/abnormal events in both the Companies since the last quarterly results were declared till the Report Date materially impacting their operating / financial performance.

We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger.

This Report is our deliverable for the above engagement.

This report and the information contained herein is absolutely confidential. It is intended only for the sole use and information of the Companies and only in connection with the Proposed Merger including for the purpose of obtaining regulatory approvals, as required



under applicable laws of India, for the Proposed Merger. We understand that the Companies may be required to submit this report to judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger under applicable laws. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Boards of Directors of the Companies that have respectively engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this report. The results of our computation and our report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / businesses of the Companies or their holding company / subsidiaries / joint ventures / associates / investee companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

#### **SOURCES OF INFORMATION**

In connection with this exercise, we have used the following information:

- Annual reports for the year ended 31 March 2017 and earlier periods for IBL and BFIL;
- Unaudited results for the quarter ended 30 June 2017 for IBL and BFIL; and
- Other relevant information

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary and relevant for our exercise.

Both IBL and BFIL have been provided with the opportunity to review the draft Report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Report.



## **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) are based on the audited financial statements of IBL and BFIL as at 31 March 2017 and unaudited financial results for the quarter ended 30 June 2017. The Management has represented that the business activities of IBL and BFIL have been or would be carried out in the normal and ordinary course between 31 March 2017 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 31 March 2017 and the Report date. While the unaudited quarterly results of IBL for the quarter ended 30 September 2017 have been declared, the quarterly results for the said quarter in the case of BFIL have not been declared. We have looked at the September quarterly results for IBL and have also been informed that there are no material unusual/abnormal events. Considering this and given that we are carrying out a relative valuation we have considered it appropriate not to use the quarterly results of IBL for the quarter ended 30 September 2017 for our calculations.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.





The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by IBL and BFIL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of IBL and BFIL. The final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Merger shall take place will be with the Board of Directors of IBL and BFIL, who should take into account other factors such as their own assessment of the Proposed Merger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data.

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available, sourced from subscribed databases, including analyst reports, and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by IBL and BFIL. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by IBL and BFIL. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from IBL and BFIL, we have been given to understand by the Management that they have not omitted any relevant and material factors about IBL and BFIL and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.



Our conclusions are based on the assumptions and information given by / on behalf of IBL and BFIL. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated / incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that IBL and BFIL comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that IBL and BFIL will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheet of IBL and BFIL. Our conclusion of value assumes that the assets and liabilities of IBL and BFIL reflected in their respective latest balance sheets remain intact as of the Report date. No investigation of IBL and BFIL's claim to title of assets has been made for the purpose of this Report and IBL and BFIL's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Merger with the provisions of any law / standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Merger.

This Report does not look into the business / commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Merger as compared with any other alternative business proposed merger, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the conclusion of this Report.

SRBC owes responsibility to only the Boards of Directors of BFIL and DHS owes responsibility to only the Board of Directors of IBL that have respectively appointed us





under the terms of our respective engagement / appointment letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to IBL and BFIL. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of IBL and BFIL, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Merger, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of IBL and BFIL will trade following announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders of IBL and BFIL should vote at any shareholders' meeting(s) to be held in connection with the Proposed Merger. Our report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions.

## **SHARE CAPITAL DETAILS OF THE COMPANIES**

### **Bharat Financial Inclusion Limited**

Based on the share capital of BFIL as at 30 June 2017 and the outstanding options as at that date, we have considered the diluted equity share capital of BFIL of 142,049,474 equity shares of INR 10 each, for the purpose of the present valuation analysis.



## **IndusInd Bank Limited**

Based on the share capital of IBL as at 30 June 2017 and the outstanding options as at that date, we have considered the diluted equity share capital of IBL of 609,920,541 equity shares of INR 10 each, for the purpose of the present valuation analysis.

### **APPROACH – BASIS OF MERGER**

The Proposed Merger contemplates the merger of BFIL into IBL. Arriving at the Fair Equity Share Exchange Ratio for the proposed merger of BFIL into IBL would require determining the relative value of the equity shares of BFIL and the equity shares of IBL. These values are to be determined independently, but on a relative basis, without considering the effect of the Proposed Merger.

There are several commonly used and accepted methods, under the market, income and asset approaches, for determining the Fair Equity Share Exchange Ratio for the proposed merger of BFIL into IBL, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Asset Approach - Net Asset Value method
2. Income Approach –
  - a. Discounted Cash Flows method
  - b. Earnings Capitalization Value method
3. Market Approach –
  - a. Market Price method
  - b. Comparable Companies Multiples method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of the Companies.



The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for proposed mergers of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

#### **Net Asset Value ("NAV") Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies / banks amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

#### **Discounted Cash Flows ("DCF") Method**

In the case of banks / NBFCs, under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm for equity shareholders.

Such DCF analysis involves determining the following:

*Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.





*Appropriate discount rate to be applied to cash flows i.e. the cost of equity:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely equity shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

#### **Earnings Capitalization Value Method**

Earnings Capitalization Value Method involves determination of the maintainable earnings level of the company from its operations, based on past and / or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer's combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

#### **Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

#### **Comparable Companies' Multiples ("CCM") Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.



Out of the above methods, the Valuers have used methods as considered appropriate by them respectively.

### **Basis of Fair Equity Share Exchange Ratio**

The basis of the Proposed Merger of BFIL into IBL would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the respective Valuer. Though different values have been arrived at under each of the above approaches / methods, for the purposes of recommending the Fair Equity Share Exchange Ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of IBL and BFIL but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of IBL and BFIL based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of IBL and BFIL, having regard to information base, key underlying assumptions and limitations.

Valuers, have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of IBL and BFIL. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Merger, suitable minor adjustments / rounding off have been done in the values arrived at by the Valuers.

The Computation of Fair Equity Share Exchange Ratio as derived by SRBC, is given below:

Valuation Approach	BFIL		IBL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	187.3	0%	365.0	0%
Income Approach - Discounted Free Cash Flow Method	1,269.5	50%	1,900.1	50%
Market Approach - Market Price method	956.3	50%	1,584.5	50%
<b>Relative Value per Share</b>	<b>1,112.9</b>		<b>1,742.3</b>	
<b>Exchange Ratio (rounded off)</b>			<b>0.639</b>	





The Computation of Fair Equity Share Exchange Ratio as derived by DHS, is given below:

Valuation Approach	BFIL		IBLs	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	187.3	0%	365.0	0%
Income Approach – Earnings Capitalization Value method	1,541.7	50%	2,156.4	50%
Market Approach – Market Price method	906.2	50%	1,675.2	50%
<b>Relative Value per Share</b>	<b>1,223.9</b>		<b>1,915.8</b>	
<b>Exchange Ratio (rounded off)</b>			<b>0.639</b>	

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Merger of BFIL into IBL:

639 (Six Hundred and Thirty Nine) equity shares of IBL of INR 10/- each fully paid up for every 1,000 (One Thousand) equity shares of BFIL of INR 10/- each fully paid up.

Respectfully submitted,

<p>S.R. Batliboi &amp; Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E</p>   <p><b>Jayesh Gandhi</b> Partner Membership No: 037924 Date: 13 October 2017</p>	<p>Deloitte Haskins &amp; Sells Chartered Accountants ICAI Firm Registration Number: 117365W</p>   <p><b>Anjum A. Qazi</b> Partner Membership No: 104968 Date: 13 October 2017</p>
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**CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED**  
 9th Floor, Ceejay House Phone +91 22 6777 3777  
 Plot F, Shivsagar Estate Fax +91 22 6777 3710  
 Dr. Annie Besant Road, Worli www.credit-suisse.com  
 Mumbai 400 018, India

October 13, 2017

The Board of Directors  
 Bharat Financial Inclusion Limited  
 Unit No. 410, Madhava  
 Bandra Kurla Complex  
 Bandra (East)  
 Mumbai 400051- India

Members of the Board:

You have requested our opinion (the “**Opinion**”) as to the fairness, from a financial point of view, to the holders of the equity shares of Bharat Financial Inclusion Limited (“**BFIL**” and such holders, the “**Holders**”) of the Exchange Ratio (defined below) in connection with the merger of BFIL into and with IndusInd Bank Limited (“**IBL**” and such merger, the “**Merger**”), as more fully described in the proposed scheme of arrangement of BFIL and IBL, which provides, *inter-alia*, for the Merger (the “**Scheme of Arrangement**”).

As more fully described in the Scheme of Arrangement, pursuant to the Merger, 639 fully paid-up equity share(s) having face value of Rs. 10/- per equity share of IBL (the “**IBL Equity Shares**”) will be issued to each holder holding 1,000 fully paid-up equity share(s) having face value of Rs. 10/- per equity share of BFIL (the “**BFIL Equity Shares**”) on the record date (the “**Exchange Ratio**”). The terms and conditions of the Merger are more fully described in the Scheme of Arrangement and the above summary is qualified in its entirety by reference to the Scheme of Arrangement.

In arriving at our Opinion, we have reviewed (i) the draft joint valuation report dated October 13, 2017 furnished by S.R. Batliboi & Co. LLP an independent valuer appointed by BFIL, and Deloitte Haskins & Sells an independent valuer appointed by IBL (the “**Draft Report**”); (ii) the draft dated October 13, 2017 of the Scheme of Arrangement (the “**Draft Scheme**”); and (iii) certain publicly available business and financial information relating to BFIL and IBL, including, among other things, the details of shareholding of BFIL and IBL, third party research analysts’ reports relating to BFIL and IBL, financial and operating data of BFIL and IBL, capital structure of BFIL and IBL, and the current and historical market prices and trading volumes of BFIL Equity Shares and IBL Equity Shares on BSE Limited and National Stock Exchange of India Limited. We considered, to the extent publicly available, certain other past transactions which we considered relevant in evaluating the Merger and analyzed certain other publicly available information relating to the businesses of other public listed companies whose operations we considered relevant in evaluating those of BFIL and IBL. In arriving at our Opinion, we have not reviewed or used financial forecasts, projections or forward looking statements except those that are publicly available.

In connection with our review, we have not independently verified any of the foregoing information and we have assumed and relied, without independent verification, upon such information being complete and accurate in all material respects. We have further relied upon the assurances of the management of BFIL that it is not aware of any relevant information that has been omitted or that remains undisclosed in its disclosures to us that would make the public information or data examined by, provided to, reviewed by, or discussed with, us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion. With respect to the publicly available financial forecasts for BFIL and IBL referred to above, we have assumed that such forecasts represent reasonable estimates and judgments with



CIN U67120MH1996PTC104392

banking and other financial services to such companies. In addition, we and our affiliates may maintain relationships with BFIL, IBL and their respective affiliates. For the purposes of this Opinion, the term affiliate means, with respect to any entity, any other entity that, directly or indirectly, controls or is controlled by, or is under common control with, such entity. As used in this definition, control and correlative terms have the meanings ascribed to such words under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

It is understood that this letter is for the information of the Board of Directors of BFIL only in connection with its consideration of the Merger or the Scheme of Arrangement and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act on the proposed Merger or the Scheme of Arrangement. Our Opinion may not be quoted, referred to or otherwise disclosed, in whole or part, nor may any public reference to Credit Suisse be made, without our prior written consent. However, BFIL may disclose the Opinion (i) to its legal counsel involved in the Merger on a need-to-know basis only and under conditions of confidentiality with our prior written consent; or (ii) if required by law, regulation, judicial or governmental order, subpoena or other legal process or is requested or required by any governmental authority or regulatory agency, in such form and substance as Credit Suisse shall approve (unless legally prohibited); or (iii) in the information memorandum or similar document prepared in relation to the Transaction which is required to be filed with the Indian stock exchanges under applicable laws, rules or regulations, in such form and substance as Credit Suisse shall approve; or (iv) as may be consented by Credit Suisse in writing. Notwithstanding the above, neither our issuance of the Opinion to the Board of Directors of BFIL, nor our consent to annex or include this Opinion to the information memorandum or disclose otherwise shall permit any third party (including, without limitation, any shareholder, creditor or other person of BFIL, IBL or their respective affiliates) to rely upon, use or derive any rights from, and we shall not be liable to any third party in relation to, the Opinion.

We accept no responsibility to any person other than the Board of Directors of BFIL in relation to the contents of this Opinion even if it is disclosed to such person with our consent. It is understood that this Opinion is given only as of the date hereof, and any subsequent developments, including in relation to any contingent liabilities, may affect this Opinion, and we do not have any obligation to update, revise or reaffirm this Opinion.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the Holders.

Very truly yours,

CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED







DCS/AMAL/SD/R37/1156/2018-19

June 4, 2018

The Company Secretary  
**Bharat Financial Inclusion Ltd.**  
 Unit No. 410, "Madhava", Bandra-Kurla Complex,  
 Bandra (East), Mumbai, Maharashtra- 400051

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement amongst Indusind Bank Ltd, Bharat Financial Inclusion Ltd(formerly known as 'SKS Microfinance Ltd'), the proposed Wholly Owned Subsidiary of Indusind Bank Ltd and their respective shareholders and creditors.**

We are in receipt of Draft Scheme of Arrangement amongst Indusind Bank Ltd, Bharat Financial Inclusion Ltd(formerly known as 'SKS Microfinance Ltd'), the proposed Wholly Owned Subsidiary of Indusind Bank Ltd and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated June 1, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

The matter has been examined by SEBI in light of the provisions under Part A, Annexure I of the aforesaid circular. Accordingly, SEBI's comments on the draft scheme are as under:

- "Indusind Bank Ltd is advised to finalise/decide the Capital Structure of the demerged undertaking prior to filing of the scheme with NCLT."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
 Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
 T: +91 22 2272 1234/333 | E: corp.com@bseindia.com | www.bseindia.com  
 Corporate Identity Number : L67120MH2005PLC155188

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

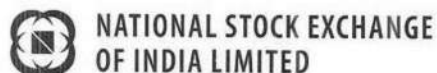
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,



**Nitin Pujari**  
Sr. Manager





Ref: NSE/LIST/15839

June 01, 2018

The Head – Legal, Compliance & Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, Madhava,  
 Bandra-Kurla Complex, Bandra (East)  
 Mumbai – 400051

**Kind Attn.: Mr. Rajendra Patil**

Dear Sir,

**Sub: Observation Letter for Composite Scheme of Arrangement amongst IndusInd Bank Limited and Bharat Financial Inclusion Limited and their respective shareholders and creditors.**

We are in receipt of the draft Composite Scheme of Arrangement amongst IndusInd Bank Limited and Bharat Financial Inclusion Limited and their respective shareholders and creditors filed by Bharat Financial Inclusion Limited vide application dated March 28, 2018.

Based on our letter reference no Ref: NSE/LIST/44506 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated June 01, 2018, has given following comments:

- a. *The Company shall ensure to finalise/decided the capital structure of the demerged undertaking prior to filing of the scheme with NCLT.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- c. *The Company shall duly comply with various provisions of the Circulars.*
- d. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.



However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from June 01, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,  
For **National Stock Exchange of India Ltd.**

Divya Poojari  
Sr. Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

May 08, 2018

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000  
F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

<p><b>National Stock Exchange of India Limited</b> Manager - Listing Compliance Department, Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051</p> <p>NSE Scrip Code: BHARATFIN</p>	<p><b>BSE Limited</b> Deputy General Manager – Corporate Relationship Department, 1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.</p> <p>BSE Scrip Code: 533228</p>
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**Sub:** Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed scheme of arrangement amongst IndusInd Bank Limited, Bharat Financial Inclusion Limited (formerly known as 'SKS Microfinance Limited'), the proposed wholly owned subsidiary of IndusInd Bank Limited and their respective shareholders and creditors.

**Ref.:** Submission of "Complaints Report" in format prescribed at Annexure - III pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017

Dear Sirs,

This is with reference to the draft scheme of arrangement between IndusInd Bank Limited (the "Bank"), Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) ("BFIL"), the proposed wholly owned subsidiary of IndusInd Bank Limited and their respective shareholders and creditors ("Scheme"), submitted to you vide our aforesaid application on March 28, 2018.

In compliance with the requirements of paragraph 6 of Annexure I of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("Scheme Circular"), we submit herewith the "Report on Complaints", in the format prescribed at Annexure III of the Scheme Circular.

As set out in the annexed 'Report on Complaints', we wish to confirm that BFIL has not received any complaints / comments from its shareholders / creditors in respect of the Scheme up to May 07, 2018, either directly or through the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ("NSE" and "BSE" hereafter collectively referred to as "Stock Exchanges") or SEBI. Whilst an anonymous letter was received by SEBI which was forwarded to BFIL through the Stock Exchanges, BFIL has provided the responses to the Stock Exchanges in this regard.

In accordance with paragraph 8(c) of Annexure I of the Scheme Circular, the 'Report on Complaints' shall also be uploaded on our website at the following link <http://www.bfil.co.in/notifications>.

We request you to kindly take the above on record and kindly issue your no-objection letter with respect to the Scheme, at the earliest.

Yours faithfully,

**For Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

**Rajendra Patil**  
EVP - Legal & Company Secretary



Encl: as above



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
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F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

### Report on Complaints

#### Part A

<i>Sr. No.</i>	<i>Particulars</i>	<i>Number</i>
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchanges/SEBI	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

#### Part B

<i>Sr. No.</i>	<i>Name of complainant</i>	<i>Date of complaint</i>	<i>Status (Resolved/Pending)</i>
N.A.			

**For Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

**Rajendra Patil**  
EVP-Legal & Company Secretary

Date: May 08, 2018  
Place: Mumbai





# B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City  
Orwell, 6th Floor, Unit-3  
Sy. No. 83/1, Plot No. 2, Raidurg  
Hyderabad-500081, India

Telephone : +91 40 7182 2000  
Fax : +91 40 7182 2399

**Auditor's report on quarterly financial results and year-to-date results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

To

**The Board of Directors of  
Bharat Financial Inclusion Limited**

1. We have audited the quarterly financial results of Bharat Financial Inclusion Limited ('the Company') for the quarter ended 30 September 2018 and the year-to-date financial results for the period from 1 April 2018 to 30 September 2018 ('financial results'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Listing Regulations.
2. These quarterly financial results as well as the year-to-date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulation.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.





B S R & Associates LLP

4. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year-to-date results:
- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
  - (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the quarter ended 30 September 2018 as well as the year-to-date results for the period from 1 April 2018 to 30 September 2018.

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration Number: 116231W/W-100024



**Sriram Mahalingam**  
Partner  
Membership No: 049642

Place: Hyderabad  
Date: 24 October 2018

**Bharat Financial Inclusion Limited**

Regd. Office: Unit No. 410, "Madhava", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

**Statement of Financial Results for the quarter and half year ended September 30, 2018**

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended March 31, 2018 Audited
		September 30, 2018 Audited	September 30, 2017 Audited	June 30, 2018 Audited	September 30, 2018 Audited	September 30, 2017 Audited	
	<b>Revenue</b>						
1	(a) Revenue from operations	760.10	481.69	611.79	1,371.89	933.17	2,155.68
	(b) Other income	0.03	0.14	0.07	0.10	0.22	1.08
	<b>Total revenue</b>	<b>760.13</b>	<b>481.83</b>	<b>611.86</b>	<b>1,371.99</b>	<b>933.39</b>	<b>2,156.76</b>
	<b>Expenses</b>						
2	(a) Finance Costs	204.66	179.26	199.34	404.00	355.09	727.01
	(b) Impairment on financial instruments	25.71	(1.34)	18.56	44.26	34.29	68.54
	(c) Employee Benefits Expenses	159.62	118.92	159.18	318.80	228.05	525.25
	(d) Depreciation, amortization and impairment	3.79	3.13	2.70	6.49	5.85	13.25
	(e) Others expenses	58.57	38.86	49.16	107.73	73.81	162.25
	<b>Total expenses</b>	<b>452.35</b>	<b>338.83</b>	<b>428.94</b>	<b>881.28</b>	<b>697.09</b>	<b>1,496.30</b>
3	Profit / (loss) before tax (1-2)	307.78	143.00	182.92	490.71	236.30	660.46
4	<b>Tax expenses</b>						
	(a) Current tax	78.63	31.70	146.92	225.55	44.68	78.92
	(b) Excess provision of tax relating to earlier years	-	-	-	-	-	(0.70)
	(c) Deferred tax	(3.77)	8.16	(106.07)	(109.85)	53.28	71.76
	(d) Minimum Alternate Tax credit entitlement	-	(31.70)	-	-	(44.68)	(78.92)
	<b>Total tax expense</b>	<b>74.86</b>	<b>8.16</b>	<b>40.85</b>	<b>115.70</b>	<b>53.28</b>	<b>71.06</b>
5	Profit / (loss) after tax (3-4)	232.92	134.84	142.07	375.01	183.02	589.40
6	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit or loss	3.10	(6.18)	(0.06)	3.04	7.82	11.36
	(ii) Income tax on the above	(1.08)	2.14	0.02	(1.06)	(2.71)	(4.09)
	Other Comprehensive Income (i + ii)	2.02	(4.04)	(0.04)	1.98	5.11	7.27
7	<b>Total Comprehensive Income (5+6)</b>	<b>234.94</b>	<b>130.80</b>	<b>142.03</b>	<b>376.99</b>	<b>188.13</b>	<b>596.67</b>
8	Earnings per equity share (Not annualised)						
	Nominal value of share	10.00	10.00	10.00	10.00	10.00	10.00
	Basic	16.66	9.76	10.19	26.87	13.26	42.56
	Diluted	16.53	9.68	10.12	26.63	13.14	42.16



**Bharat Financial Inclusion Limited**  
**Balance Sheet as at September 30, 2018**

*Rs. in crores*

	As at 30-Sep-18	As at 31-Mar-18
	Audited	Audited
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	302.37	1,859.72
Bank Balance other than (a) above	358.19	313.66
Receivables	29.11	11.37
Loans	10,805.14	9,259.96
Investments	0.20	0.20
Other Financial assets	198.23	176.16
<b>Non-financial Assets</b>		
Current tax assets (Net)	41.50	40.79
Deferred tax Assets (Net)	210.59	208.86
Property, Plant and Equipment	23.12	16.27
Other Intangible assets	7.14	5.35
Intangible assets under development	0.43	-
Other non-financial assets	24.76	19.29
<b>Total Assets</b>	<b>12,000.78</b>	<b>11,911.63</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Debt Securities	-	199.98
Borrowings (Other than Debt Securities)	7,720.52	8,094.05
Other financial liabilities	569.37	425.12
<b>Non-Financial Liabilities</b>		
Current tax liabilities (Net)	34.00	0.11
Provisions	59.17	37.18
Other non-financial liabilities	15.30	14.32
<b>EQUITY</b>		
Equity Share capital	140.09	139.32
Other Equity	3,462.33	3,001.55
<b>Total Liabilities and Equity</b>	<b>12,000.78</b>	<b>11,911.63</b>



## BHARAT FINANCIAL INCLUSION LIMITED

### Notes:

- The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from 1 April 2018 and the effective date of such transition is 1 April 2017. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the previous GAAP').

Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding figures presented in these results have been restated / reclassified.

Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on October 24, 2018 in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- As required by paragraph 32 of Ind AS 101, reconciliation of the financial results to those reported under previous GAAP is summarised as follows:

Reconciliation of the financial results	INR in Crores	
	Half year ended September 30, 2017	Quarter ended September 30, 2017
<b>Profit/ (Loss) after tax as per previous GAAP</b>	<b>82.35</b>	<b>119.40</b>
Expected credit loss on Loans & advances	191.79	51.52
Effective interest rate impact on financial assets and financial liability	0.38	1.49
Net gain on derecognition of loans sold under assignment transaction	(7.45)	(16.58)
Reversal of gain on derecognition of loans sold under securitisation transactions prior to date of transition	(32.63)	(12.40)
Others	1.86	(0.44)
Deferred tax impact on the above	(53.28)	(8.16)
Total Profit after tax as per Ind AS	<b>183.02</b>	<b>134.83</b>
Other Comprehensive Income, (net of taxes)	5.11	(4.04)
<b>Total Comprehensive Income as per Ind AS</b>	<b>188.13</b>	<b>130.79</b>

- The statutory auditors, B S R & Associates LLP have expressed an unmodified audit opinion on these financial results of the Company for the quarter and half year ended September 30, 2018.
- The Board of Directors of the Company at its meeting held on October 14, 2017 had approved the Composite Scheme of Arrangement ("Scheme") between the Company, IndusInd Bank Limited ("Bank") and the proposed wholly owned subsidiary of the Bank (to be incorporated subject to the receipt of approval from the Reserve Bank of India) ("Subsidiary") and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013, subject to receipt of applicable regulatory approvals.

In this regard, the amalgamation has been approved by the Competition Commission of India on December 19, 2017 and no objection has been issued by the Reserve Bank of India, the National Stock Exchange of India Limited and the BSE Limited on March 13, 2018, June 1, 2018 and June 4, 2018, respectively.

As on date, the Scheme remains subject to the receipt of approval from the National Company Law Tribunal, the respective shareholders and creditors of the Company and the Bank and other applicable statutory and regulatory approvals.



6. The Company is engaged primarily in the business of Micro- financing and accordingly there are no separate reportable segments as per Ind AS dealing with Operating Segment. The company operates in a single geographical segment i.e domestic.

Place: Hyderabad  
Date: October 24, 2018

For Bharat Financial Inclusion Limited  
CIN: L65999MH2003PLC250504

  
M. R. RAO  
Managing Director and CEO  
DIN- 03276291





**S.R. BATLIBOI & CO. LLP**  
Chartered Accountants

12th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (West)  
Mumbai - 400 028, India  
Tel : +91 22 6819 8000

**Limited Review Report**

Review report to  
The Board of Directors  
IndusInd Bank Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of IndusInd Bank Limited (the 'Bank') for the quarter and half year ended September 30, 2018 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage Ratio" and "Liquidity Coverage Ratio" as have been disclosed on the Bank's website and in respect of which a link have been provided in aforesaid Statement have not been reviewed by us. This Statement is the responsibility of the Bank's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.
4. The comparative financial information of the Bank for the corresponding quarter and half year ended September 30, 2017, quarter ended June 30, 2018 were reviewed by predecessor auditor and the financial statements for the Bank for the year ended March 31, 2018, were audited by the predecessor auditor who expressed an unmodified conclusion on those financial information on October 12, 2017, July 10, 2018 and an unmodified opinion on April 19, 2018, respectively.

S.R. BATLIBOI & CO. LLP  
ICAI Firm registration number: 301003E/E300005  
Chartered Accountants



per Viren H. Mehta  
Partner  
Membership No.: 048749

Date: October 15, 2018  
Place: Mumbai

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

Unaudited Financial Results for the quarter / half year ended September 30, 2018

(Rs. in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2018 (unaudited)	Quarter ended 30.06.2018 (unaudited)	Quarter ended 30.09.2017 (unaudited)	Half year ended 30.09.2018 (unaudited)	Half year ended 30.09.2017 (unaudited)	Year ended 31.03.2018 (audited)
1.	<b>Interest Earned (a)+(b)+(c)+(d)</b>	543809	506815	420835	1050624	834386	1728075
(a)	Interest / Discount on Advances / Bills	445210	414662	329028	859872	656098	1369991
(b)	Income on Investments	91831	86103	76794	177934	149441	307438
(c)	Interest on balances with Reserve Bank of India and other inter bank funds	2744	1868	11080	4612	20930	32147
(d)	Others	4024	4182	3933	8206	7917	18499
2.	<b>Other Income</b>	131728	130160	118757	261888	235483	475010
3.	<b>Total Income (1+2)</b>	675537	636975	539592	1312512	1069869	2203085
4.	<b>Interest Expended</b>	323481	294572	238736	618053	474881	978330
5.	<b>Operating Expenses (i)+(ii)</b>	152812	151290	137506	304102	272785	559144
(i)	Employees Cost	45818	46204	44504	92022	86721	178069
(ii)	Other Operating Expenses	106994	105086	93002	212080	186064	381075
6.	<b>Total Expenditure (4+5) Excluding Provisions and Contingencies</b>	476293	445862	376242	922155	747666	1537474
7.	<b>Operating Profit before Provisions and Contingencies (3-6)</b>	199244	191113	163350	390357	322203	665611
8.	Provisions (other than tax) and Contingencies	59027	35001	29375	94028	60372	117543
9.	Exceptional items	-	-	-	-	-	-
10.	<b>Profit (+) / Loss (-) from Ordinary Activities before Tax (7-8-9)</b>	140217	156112	133975	296329	261831	548068
11.	Tax Expense	48192	52540	45965	100732	90166	187469
12.	<b>Net Profit (+) / Loss (-) from Ordinary Activities after Tax (10-11)</b>	92025	103572	88010	195597	171665	360599
13.	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14.	<b>Net Profit for the period (12-13)</b>	92025	103572	88010	195597	171665	360599
15.	Paid up Equity Share Capital (Face Value: Rs.10/- each)	60130	60044	59887	60130	59887	60022
16.	Reserves excluding revaluation reserves						2287922
17.	<b>Analytical Ratios</b>						
(i)	Percentage of shares held by Government of India	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Capital Adequacy Ratio (%) - Basel III	14.28	14.70	15.63	14.28	15.63	15.03
(iii)	<b>Earnings per share - (Basic and Diluted) (Rs.)</b>						
(a)	Basic EPS before Extraordinary items (not annualized)	15.32	17.25	14.70	32.57	28.68	60.19
	Diluted EPS before Extraordinary items (not annualized)	15.17	17.08	14.54	32.26	28.38	59.57
(b)	Basic EPS after Extraordinary items (not annualized)	15.32	17.25	14.70	32.57	28.68	60.19
	Diluted EPS after Extraordinary items (not annualized)	15.17	17.08	14.54	32.26	28.38	59.57
(iv)	<b>NPA Ratios</b>						
(a)	Gross NPA	178136	174062	134528	178136	134528	170491
	Net NPA	78757	76235	53689	78757	53689	74567
(b)	Gross NPA (%)	1.09	1.15	1.08	1.09	1.08	1.17
	Net NPA (%)	0.48	0.51	0.44	0.48	0.44	0.51
(v)	Return on Assets (%) (annualized)	1.59	1.91	1.90	1.74	1.88	1.90



**Notes:**

- 1 There has been no material change in the accounting policies adopted during the quarter / half year ended September 30, 2018 as compared to those followed for the year ended March 31, 2018.
- 2 The working results for the quarter / half year ended September 30, 2018 have been arrived at after considering provision for standard assets, including requirements for exposures to entities with Unhedged Foreign Currency Exposure, non-performing assets (NPAs), depreciation on investments, income-tax and other usual and necessary provisions.
- 3 The above financial results for the quarter / half year ended September 30, 2018 were subjected to a Limited Review by the Statutory Auditors of the Bank. A clean report has been issued by them thereon. These financial results were reviewed by the Audit Committee and subsequently have been taken on record and approved by the Board of Directors at its meeting held on October 15, 2018.
- 4 RBI Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, as amended, on Basel III Capital Regulations contain guidelines on certain Pillar 3 and leverage ratio disclosure requirements that are to be made along with the publication of financial results. Accordingly, such applicable disclosures have been placed on the website of the Bank which can be accessed at the following link:  
<http://www.indusind.com/content/home/important-links/regulatory-disclosures-section.html>  
These disclosures have not been subjected to the Limited Review.
- 5 The Capital Adequacy Ratio is computed on the basis of RBI guidelines applicable on the relevant reporting dates and the ratio for the corresponding previous period is not adjusted to consider the impact of subsequent changes if any, in the guidelines.
- 6 Provisions (other than tax) and Contingencies:  
Advances granted to various companies belonging to a Group in the infrastructure sector, against certain identified cash flows and pertaining to specific assets, are classified as 'Standard' as at September 30, 2018 in compliance with RBI Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to the Advances Portfolio (IRAC norms) on the basis of the conduct of the accounts till date. Certain governance and management changes have taken place in this Group and measures to turn it around through a Resolution Plan are underway. Bank's management is monitoring the developments and implications of the Resolution Plan. In the interim, as a prudential measure, the Bank has made a contingent provision of Rs.275 crores on these 'Standard' assets which is included under Provisions (other than tax) and Contingencies during the quarter / half year ended September 30, 2018.
- 7 On March 14, 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd. (IL&FS), the Promoter Shareholders of IL&FS Securities Services Ltd. (ISSL), to acquire 100% of ISSL. Further to the Reserve Bank of India (RBI) approval dated April 03, 2018, a definitive Share Purchase Agreement has been signed on June 26, 2018 with IL&FS and other minority shareholders. While all regulatory approvals for the transaction have been obtained, the closing is pending fulfillment of certain conditions by the counterparties. As such, the proposed transaction does not have any bearing on the current financial results or the financial position of the Bank as at September 30, 2018.
- 8 On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement. The Competition Commission of India has approved the proposed Scheme and RBI has conveyed their 'No Objection' for the Scheme and an approval for incorporating a Wholly-Owned-Subsidiary to act as Business Correspondent of the Bank. The Scheme has 'no adverse remarks' from Securities and Exchange Board of India (SEBI), National Stock Exchange of India Limited and BSE Limited. In terms of the Scheme, IndusInd Financial Inclusion Limited has been incorporated on August 06, 2018 as a wholly owned subsidiary of the Bank with an initial subscribed capital of Rs. 70. An application is made to National Company Law Tribunal (NCLT) seeking directions to hold meeting of shareholders and creditors. The Scheme is subject to the approval of the respective shareholders and creditors of the Bank and BFIL. As such, the proposed transaction does not have any impact on the current financial results or the financial position of the Bank as at September 30, 2018.
- 9 During the quarter / half year ended September 30, 2018, the Bank allotted 858220 shares and 1073015 shares respectively, pursuant to the exercise of stock options by certain employees.
- 10 Previous period / year figures have been regrouped / reclassified, where necessary to conform to current period / year classification.

Mumbai  
October 15, 2018



Romesh Sobti  
Managing Director





# IndusInd Bank

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

Segment Reporting for the quarter / half year ended September 30, 2018

Business Segments:

(Rs. in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2018 (unaudited)	Quarter ended 30.06.2018 (unaudited)	Quarter ended 30.09.2017 (unaudited)	Half year ended 30.09.2018 (unaudited)	Half year ended 30.09.2017 (unaudited)	Year ended 31.03.2018 (audited)
<b>(a)</b>	<b>Segment Revenue :</b>						
(i)	Treasury Operations	105414	100029	109258	205443	214772	409520
(ii)	Corporate / Wholesale Banking	220689	207150	172432	427839	344743	703638
(iii)	Retail Banking	361252	346480	278872	707732	554896	1177915
(iv)	Other Banking Business	1513	1791	1580	3304	3062	7275
	<b>Total [ Items (i) to (iv) ]</b>	<b>688868</b>	<b>655450</b>	<b>562142</b>	<b>1344318</b>	<b>1117473</b>	<b>2298348</b>
	Less: Inter-segment Revenue	13331	18475	22550	31806	47604	95263
	<b>Total Income</b>	<b>675537</b>	<b>636975</b>	<b>539592</b>	<b>1312512</b>	<b>1069869</b>	<b>2203085</b>
<b>(b)</b>	<b>Segment Results :</b>						
(i)	Treasury Operations	7405	11397	18646	18802	35620	60579
(ii)	Corporate / Wholesale Banking	71782	64996	52286	136778	103269	212405
(iii)	Retail Banking	125072	119358	97287	244430	192851	411251
(iv)	Other Banking Business	524	617	551	1141	1064	2540
	<b>Total [ Items (i) to (iv) ]</b>	<b>204783</b>	<b>196368</b>	<b>168770</b>	<b>401151</b>	<b>332804</b>	<b>686775</b>
	Add: Unallocated Revenue	-	-	-	-	-	-
	Less: Unallocated Expenses	5539	5255	5420	10794	10601	21164
	<b>Operating Profit</b>	<b>199244</b>	<b>191113</b>	<b>163350</b>	<b>390357</b>	<b>322203</b>	<b>665611</b>
	Less: Provisions & Contingencies	59027	35001	29375	94028	60372	117543
	<b>Net Profit before tax</b>	<b>140217</b>	<b>156112</b>	<b>133975</b>	<b>296329</b>	<b>261831</b>	<b>548068</b>
	Less: Taxes including Deferred Taxes	48192	52540	45965	100732	90166	187469
	Extraordinary Profit / Loss	-	-	-	-	-	-
	<b>Net Profit</b>	<b>92025</b>	<b>103572</b>	<b>88010</b>	<b>195597</b>	<b>171665</b>	<b>360599</b>
<b>(c)</b>	<b>Other Information :</b>						
	<b>Segment Assets</b>						
(i)	Treasury Operations	6032126	6039447	5108688	6032126	5108688	5696978
(ii)	Corporate / Wholesale Banking	7603006	7069379	5621187	7603006	5621187	6816750
(iii)	Retail Banking	10045939	8870993	7954068	10045939	7954068	8629631
(iv)	Other Banking Business	-	-	-	-	-	-
	Unallocated Assets	1150917	908096	819226	1150917	819226	1019257
	<b>Total Assets</b>	<b>24831988</b>	<b>22887915</b>	<b>19503169</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>
	<b>Segment Liabilities</b>						
(i)	Treasury Operations	4372805	3767156	2415186	4372805	2415186	3871743
(ii)	Corporate / Wholesale Banking	7653483	7144058	6328341	7653483	6328341	6723430
(iii)	Retail Banking	9334357	8909370	7965667	9334357	7965667	8583383
(iv)	Other Banking Business	-	-	-	-	-	-
	Unallocated Liabilities	934892	575205	596820	934892	596820	599896
	<b>Capital &amp; Other Reserves</b>	<b>2536451</b>	<b>2492126</b>	<b>2197155</b>	<b>2536451</b>	<b>2197155</b>	<b>2384164</b>
	<b>Total Liabilities</b>	<b>24831988</b>	<b>22887915</b>	<b>19503169</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>



Mumbai  
October 15, 2018

Ramesh Sobti  
Managing Director



# IndusInd Bank

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

## Summarised Balance Sheet

	(Rs. in lakhs)		
	As at 30.09.2018	As at 30.09.2017	As at 31.03.2018
	(unaudited)	(unaudited)	(audited)
<b>CAPITAL AND LIABILITIES</b>			
Capital	60130	59887	60022
Employee Stock Options Outstanding	1119	1581	1457
Reserves and Surplus	2475202	2135687	2322685
Deposits	16821928	14144058	15163917
Borrowings	4282805	2355768	3828908
Other Liabilities and Provisions	1190804	806188	785627
<b>Total</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	876534	635746	1096241
Balances with Banks and Money at Call and Short Notice	956721	1195126	225347
Investments	5008846	4214594	5007672
Advances	16314434	12318082	14495366
Fixed Assets	136336	134821	133875
Other Assets	1539117	1004800	1204115
<b>Total</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>



Romesh Sobti  
Managing Director

Mumbai  
October 15, 2018







(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000  
F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BHARAT FINANCIAL INCLUSION LIMITED AT ITS MEETING HELD ON OCTOBER 14, 2017 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

**1. Background**

- 1.1 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("Act") requires the directors to adopt a report ("**Report**") explaining (i) the effect of the arrangement under the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Amalgamating Company**" or "**Company**"), IndusInd Bank Limited ("**Amalgamated Company**" or "**IBL**") and a wholly owned subsidiary of the Amalgamated Company to be incorporated ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**") on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties. The said Report is required to be circulated to the equity shareholders and the secured creditors at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law Tribunal, Mumbai bench ("**NCLT**").
- 1.2 This Report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.3 The following documents were placed before the Board:
- 1.3.1 Draft Scheme as recommended by the Audit Committee of the Company;
- 1.3.2 Valuation report dated October 13, 2017 prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells ("**Joint Valuation Report**");
- 1.3.3 Fairness Opinion dated October 13, 2017 issued by Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker ("**Fairness Opinion**");
- 1.3.4 Certificate from the statutory auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Act and other generally accepted principles; and
- 1.3.5 Report of the Audit Committee of the Board of Directors dated October 13, 2017.
- 1.4 The proposed Scheme was approved by the Board of Directors of the Company ("**Board**") at its meeting held on October 14, 2017 based on the recommendation of the Audit Committee.

**2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders), employees and key managerial personnel of the Company:**

- 2.1 Equity shareholders (promoter and non-promoter shareholders): The Scheme provides for the amalgamation of the Company with the Amalgamated Company by way of merger by absorption and dissolution of the Company without winding up and consequent issuance of IBL Shares (*as defined in the Scheme*) by the Amalgamated Company to the shareholders of the Company as per the following share exchange ratio ("**Share Exchange Ratio**"):

*639 (Six Hundred and Thirty Nine) IBL Shares, credited as fully paid-up, for every 1,000 (One Thousand) equity share of the face value of INR 10/- (Rupees Ten Only) each fully paid-up held by such member in the Company.*



Regional Offices: Ambala | Aurangabad | Bangalore | Bhagalpur | Bhawanipatna | Bhopal | Bhubaneswar | Cuttack | Dharwad | Jabalpur | Jaipur  
Kalburgi | Kochi | Kolkata | Lucknow | Meerut | Muzaffarpur | Nagpur | Patna | Pune | Raipur | Ranchi | Sambalpur | Siliguri | Varanasi



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

The Share Exchange Ratio is based on the Joint Valuation Report and the Fairness Opinion. The Joint Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Company and have come to the conclusion that Share Exchange Ratio is fair and reasonable.

The IBL Shares to be issued and allotted by the Amalgamated Company in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company and shall rank *pari passu* in all respects and shall have the same rights attached to them the then existing equity shares of the Amalgamated Company.

Pursuant to the Scheme, the promoters of the Company, upon issuance of IBL Shares, shall be classified as "public shareholders of the Amalgamated Company.

Key Managerial Personnel: There is no effect of the Scheme on the key managerial personnel of the Company. The key managerial personnel of the Company, holding shares in the Company, do not have any other interest in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the key managerial personnel of the Company have any material interest in the Scheme except the appointment of Mr. M. R. Rao, the Managing Director & CEO of the Company as the Managing Director of the Transferee Company.

2.2 Employees: Pursuant to Clauses 17 and 51 of the Scheme and upon the Scheme coming into effect, all BFIL Employees (as defined in the Scheme) shall become the employees of the Amalgamated Company/Transferee Company, subject to the provisions thereof without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Company and without any interruption of service as a result of the Scheme. In the circumstances, the rights of BFIL Employees would in no way be affected by the Scheme.

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

For **Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

M.R. Rao  
Managing Director and Chief Executive Officer  
DIN: 03276291



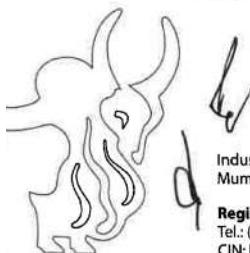
Date: October 14, 2017  
Place: Mumbai

# IndusInd Bank

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDUSIND BANK LIMITED (“BANK”) IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, BY CIRCULAR RESOLUTION PASSED ON WEDNESDAY, SEPTEMBER 26, 2018.**

1. The Board of Directors (“Board”) of the Bank at its meeting held on October 14, 2017 approved a draft of the proposed composite scheme of arrangement amongst the Bank, Bharat Financial Inclusion Limited (earlier known as ‘SKS Microfinance Limited’) (“BFIL”), IndusInd Financial Inclusion Limited (“IFIL”), and their respective shareholders and creditors (“Scheme”), which involves *inter alia*, the following:
  - (a) the voluntary amalgamation of BFIL with the Bank by way of merger by absorption, and dissolution of BFIL without winding up and the consequent issuance of equity shares of the Bank to the shareholders of BFIL in accordance with the Scheme (“Amalgamation”);
  - (b) the preferential allotment of the share warrants (“Warrants”) by the Bank to the promoters of the Bank (“Preferential Allotment”); and
  - (c) the transfer of the undertaking in relation to the business correspondent activities of BFIL transferred to the Bank pursuant to the Scheme (the “Transferred Undertaking”), as a going concern, on a slump sale basis, from the Bank to IFIL, in exchange for the equity shares of IFIL to the Bank (“Slump Exchange”),
  - (d) the grant of Special Incentive IBL Options (*as defined in the Scheme*) to specified BFIL Employees (*as defined in the Scheme*) transferred to the Bank or IFIL pursuant to the Scheme; and
  - (e) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Bank,

pursuant to Sections 230 - 232 and other relevant provisions of the Companies Act, 2013 (“Act”) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.
2. As per Section 232(2)(c) of the Act, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Bank laying out in particular the Share Exchange Ratio (*as specified below*), specifying any special valuation difficulties (“Report”).
3. The following approvals have been obtained in relation to the Scheme:
  - Approval from the Competition Commission of India - December 19, 2017;
  - No-objection from the RBI for the Scheme – March 13, 2018;



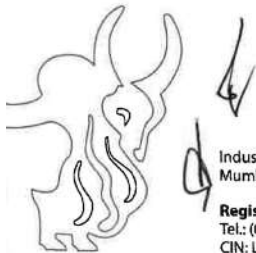
IndusInd Bank Limited, 701-801 Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (E), Mumbai - 400 093, Maharashtra, India Tel: (022) 66412200 Fax: (022) 66412224

Registered Office: 2401 Gen. Thimmayya Road, Pune 411 001, India  
Tel.: (020) 2634 3201 Fax: (020) 2634 3241 Visit us at www.indusind.com  
CIN: L65191PN1994PLC076333



# IndusInd Bank

- No-objection on the draft Scheme from the National Stock Exchange of India Limited - June 1, 2018;
  - No-objection on the draft Scheme from the BSE Limited - June 4, 2018;
  - Approval from the RBI for incorporation of IFIL by the Bank - June 8, 2018
4. Having regard to the applicability of the aforesaid provision, the Scheme and the following documents are placed before the Board:
- (a) Joint Valuation Report dated October 13, 2017 issued by S.R Batliboi & Co. LLP, Independent Valuers appointed by BFIL, and Deloitte Haskins & Sells, Independent Valuers appointed by the Bank (together, the “**Valuers**”), together with a supplementary letter dated October 13, 2017 issued by Deloitte Haskins and Sells, for the purposes of arriving at the Share Exchange Ratio describing *inter alia* the methodology adopted by the Valuers in arriving at the Share Exchange Ratio for the proposed Amalgamation (the “**Valuation Report**”), and the workings and calculations for the valuation derived in the valuation table provided in the Joint Valuation Report, as well as the methods used for such valuation;
  - (b) Fairness Opinion dated October 13, 2017 issued by Morgan Stanley India Company Private Limited, a SEBI Registered Merchant Banker, on the valuation of the shares to be issued to the shareholders of BFIL, pursuant to the Amalgamation (“**Fairness Opinion**”);
  - (c) Statutory Auditors’ Certificate dated March 23, 2018 issued by Price Waterhouse Chartered Accountants LLP, the statutory auditors of the Bank as required under Section 232(3) of the Companies Act, 2013 and the SEBI Circular CFD/DIL.3/CIR/2017/21 dated March 10, 2017, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;
  - (d) Pricing Certificate dated March 21, 2018 issued by Bhandari & Associates, Company Secretaries, certifying that the pricing for the preferential allotment of the Warrants by the Bank in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 read the SEBI Circular CFD/DIL.3/CIR/2017/26 dated March 23, 2017;
  - (e) Valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants appointed by IFIL, specifying the book value of the Transferred Undertaking as on the appointed date (i.e. January 1, 2018) and the number of equity shares to be issued by IFIL to the Bank in consideration for the Slump Exchange.
5. **Rationale of the Scheme**
- (a) The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive



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# IndusInd Bank

synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.

- (b) The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
- (c) BFIL has a commercially established model in the microfinance segment. The Amalgamation shall provide the Bank access to BFIL's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- (d) The Amalgamation would offer the Bank a deeper reach in the low income segment, and also increase the access of BFIL's customer base to the Bank's wide array of products and services.
- (e) The Bank can, pursuant to the Amalgamation, leverage BFIL's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both BFIL and the Bank.
- (f) The Preferential Allotment to the promoters of the Bank is being made to obtain upfront capital commitment and support for the growth and expansion of the Bank following the Amalgamation. The same shall result in bolstering the capital base and balance sheet of the Bank and shall provide growth capital for its future growth.
- (g) The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Bank with access to dedicated business correspondent services through IFIL which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Bank in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Bank, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services -- Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

## 6. Effect of Scheme on stakeholders

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Shareholders (including GDR holders)	(i) Upon the Scheme becoming effective and in consideration of the Amalgamation, the Bank shall allot equity shares, credited as fully paid-up, to the members of BFIL, holding fully paid up equity shares in BFIL and whose names appear

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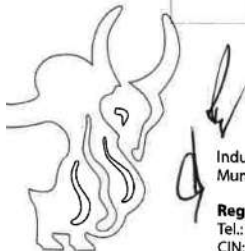
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# IndusInd Bank

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
		<p>in the register of members of BFIL on a specific record date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the record date in the following manner: “639 (Six Hundred and Thirty Nine) Equity Shares of shares of the Bank of INR 10/- each fully Paid-Up for every 1,000 (One Thousand) Equity Shares of BFIL of INR 10/- each fully Paid-Up” (“Share Exchange Ratio”).</p> <p>(ii) Pursuant to the Amalgamation, the Bank shall, as an integral part of the Scheme, issue and allot to the promoters of the Bank, on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) Warrants, each convertible into 1 (one) share of the Bank, such that upon exercise of all the Warrants, and together with the shares already held by them, the promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Bank on a fully diluted basis.</p> <p>(iii) Pursuant to the Amalgamation, the Transferred Undertaking shall be transferred from the Bank to IFIL, as a going concern, on a slump sale basis, in exchange for 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand Five Hundred only) equity shares of IFIL to the Bank (“Slump Exchange Shares”).</p> <p>(iv) The shares allotted to shareholders of BFIL by the Bank as set out above shall rank <i>pari passu</i> in all respects with the then existing equity shares of the Bank and shall be listed on BSE Limited and National Stock Exchange of India Limited.</p> <p>(v) The authorised share capital of the Bank will be increased to INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) comprising of 85,70,00,000 equity shares of INR 10 (Rupees Ten) each, in accordance with the provisions of the Act, pursuant to the Scheme.</p> <p>(vi) The Amalgamation will result in dilution of holding of the shareholders of the Bank by approximately 12.92% and in turn an increase in the public float of the Bank’s shares to that extent. This will in turn increase the trading stock of the shares of the Bank.</p>

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# IndusInd Bank

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
(vii)	Promoters	Please refer to point 1(ii) above for details regarding the Preferential Allotment to the promoters.
(viii)	Non-Promoter Shareholders	Please refer to point 1 above for details regarding effect on the shareholders.
(ix)	Key Managerial Personnel ("KMPs")	The KMPs of the Applicant Company shall continue as key managerial personnel of the Applicant Company after effectiveness of the Scheme.  Please refer to point (i) above for details regarding the effect of the Scheme on such KMPs who are also shareholders of the Bank.  Other than the above, the KMPs are not affected pursuant to the Scheme.
(x)	Employees	Under the Scheme, no rights of the staff and employees of the Bank are being affected.
(xi)	Creditors	Under the Scheme, no arrangement is sought to be entered into between the Bank and its creditors. The Scheme is expected to be in the best interest of the Bank's creditors.

## 7. Valuation

### *Share Exchange Ratio*

- For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by both the Bank and BFIL in terms of the SEBI Scheme Circular, circular no. LIST/COMP/02/2017-18 dated May 29, 2017 issued by BSE Limited and circular no. NSE/CML/2017/12 dated June 1, 2017 issued by the National Stock Exchange of India Limited.
- The Valuers have not expressed any difficulty while carrying out the valuation.
- The Valuers have considered the Earnings Capitalization Value Method ("ECV"), the Comparable Companies Quoted Multiples Method ("CCM"), Discounted Cash Flows Method ("DCF"), Net Asset Value Method ("NAV") and the Market Price Method ("MPM") for determining the relative value of the shares of the Applicant Company and BFIL in order to arrive at the Share Exchange Ratio for the Scheme.

However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that CCM and NAV Method are of limited relevance and have based their valuation on ECV, MPM and DCF methods, by assigning appropriate weightages as under:

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# IndusInd Bank

- Weightage given by S.R. Batliboi:
  - DCF: 50%
  - MPM: 50%
  
- Weightage given by Deloitte Haskins & Sells
  - ECV: 50%
  - MPM: 50%

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the businesses based on the methodologies explained in the Valuation Report and various qualitative factors relevant to each business.

- (d) The recommendation of the Share Exchange Ratio has been certified as being a fair valuation and has been approved by the audit committee of the Bank, the Board of the Bank, Board of BFIL and the audit committee of BFIL.

## Slump Exchange

- (e) The Slump Exchange Shares to be issued in consideration for the Slump Exchange has been taken on record by the Bank after taking into consideration the valuation report dated August 13, 2018, issued by MSKA & Associates, Chartered Accountants, specifying the book value of the Transferred Undertaking as on the appointed date of the Scheme. MSKA & Associates have not expressed any difficulty while carrying out the valuation.

## 8. Adoption of the Report by the Directors

The directors of the Bank have adopted this Report after noting and considering the information set forth in this Report. The Board or any duly authorised committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For INDUSIND BANK LIMITED



**Romesh Sobti**  
**Managing Director**  
**DIN No. 00031034**  
Date September 26, 2018  
Place; Mumbai





**IndusInd Financial Inclusion Limited**

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDUSIND FINANCIAL INCLUSION LIMITED BY CIRCULATION NO. 1/2018-19 ON WEDNESDAY, SEPTEMBER 26, 2018 IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013.**

1. The Board of Directors (“**Board**”) of IndusInd Financial Inclusion Limited (“**IFIL**”) at its meeting held on August 14, 2018 approved a draft of the proposed composite scheme of arrangement amongst IndusInd Bank Limited (“**IBL**”), Bharat Financial Inclusion Limited (earlier known as ‘SKS Microfinance Limited’) (“**BFIL**”) and IFIL, and their respective shareholders and creditors (“**Scheme**”), which involves *inter alia*, the following:
  - (a) the voluntary amalgamation of BFIL with IBL by way of merger by absorption, and dissolution of BFIL without winding up and the consequent issuance of equity shares of IBL to the shareholders of BFIL in accordance with the Scheme (“**Amalgamation**”);
  - (b) the preferential allotment of the share warrants (“**Warrants**”) by IBL to the promoters of IBL (“**Preferential Allotment**”); and
  - (c) the transfer of the undertaking in relation to the business correspondent activities of BFIL transferred to IBL pursuant to the Scheme (the “**Transferred Undertaking**”), as a going concern, on a slump sale basis, from IBL to IFIL, in exchange for the equity shares of IFIL to IBL (“**Slump Exchange**”),
  - (d) the grant of Special Incentive IBL Options (*as defined in the Scheme*) to specified BFIL Employees (*as defined in the Scheme*) transferred to the Bank or IFIL pursuant to the Scheme; and
  - (e) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Bank,

pursuant to Sections 230 - 232 and other relevant provisions of the Companies Act, 2013 (“**Act**”) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: companysecretary@indusind.com

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## IndusInd Financial Inclusion Limited

2. As per Section 232(2)(c) of the Act, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, laying out in particular the Share Exchange Ratio (*as specified below*), specifying any special valuation difficulties (“**Report**”).
3. The following approvals have been obtained in relation to the Scheme:
  - Approval from the Competition Commission of India - December 19, 2017;
  - No-objection from the RBI for the Scheme – March 13, 2018;
  - No-objection on the draft Scheme from the National Stock Exchange of India Limited - June 1, 2018;
  - No-objection on the draft Scheme from the BSE Limited – June 4, 2018;
  - Approval from the RBI for incorporation of IFIL by IBL – June 8, 2018
4. Having regard to the applicability of the aforesaid provision, the Scheme and the following documents are placed before the Board:
  - (a) Statutory Auditors’ Certificate dated August 14, 2018 issued by S.R. Batliboi & Co. LLP, the statutory auditors of IFIL as required under Section 232(3) of the Companies Act, 2013, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;
  - (b) Valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants appointed by IFIL, specifying the book value of the Transferred Undertaking as on the appointed date (i.e. January 1, 2018) and the number of equity shares to be issued by IFIL to IBL in consideration for the Slump Exchange.
5. **Rationale of the Scheme**
  - (a) The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

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Email: [companysecretary@indusind.com](mailto:companysecretary@indusind.com)

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## IndusInd Financial Inclusion Limited

- (b) The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
- (c) BFIL has a commercially established model in the microfinance segment. The Amalgamation shall provide IBL access to BFIL's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- (d) The Amalgamation would offer IBL a deeper reach in the low income segment, and also increase the access of BFIL's customer base to IBL's wide array of products and services.
- (e) IBL can, pursuant to the Amalgamation, leverage BFIL's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both BFIL and IBL.
- (f) The Preferential Allotment to the promoters of IBL is being made to obtain upfront capital commitment and support for the growth and expansion of IBL following the Amalgamation. The same shall result in bolstering the capital base and balance sheet of IBL and shall provide growth capital for its future growth.
- (g) The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide IBL with access to dedicated business correspondent services through IFIL which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help IBL in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable IBL, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: [companysecretary@indusind.com](mailto:companysecretary@indusind.com)

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## IndusInd Financial Inclusion Limited

### 6. Effect of Scheme on stakeholders

S. No	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
A.	Shareholders	<p>IFIL is a wholly owned subsidiary of IBL and only has equity shareholders and does not have any preference shareholders.</p> <p>Upon the Scheme becoming effective and in consideration of transfer and vesting of the Transferred Undertaking from IBL to IFIL in terms of this Scheme, IFIL shall allot 4,37,03,500 equity shares of face value Rs. 10/- each, credited as fully paid-up, to IBL (“<b>Slump Exchange Shares</b>”).</p> <p>IFIL shall remain a wholly owned subsidiary of IBL pursuant to the effectiveness of the Scheme.</p>
B.	Promoters	<p>IFIL is a wholly owned subsidiary of IBL.</p> <p>Pursuant to the Scheme, fresh equity shares stated in (A) above, shall be issued by IFIL to IBL.</p>
C.	Non-Promoter Shareholders	Not Applicable.
D.	Key Managerial Personnel (“KMPs”)	The KMPs of IFIL will not be affected by the Scheme.
E.	Employees	Under the Scheme, no rights of the staff and employees of the Bank are being affected.
F.	Creditors	As of the date of this notice, IFIL has no secured creditor and has only one unsecured creditor - IBL. The Scheme will not have any adverse impact on IBL in its capacity as unsecured creditor of IFIL.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

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## IndusInd Financial Inclusion Limited

### 7. Valuation

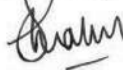
The Slump Exchange Shares to be issued in consideration for the Slump Exchange has been taken on record by IFIL after taking into consideration the valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants, specifying the book value of the Transferred Undertaking as on the appointed date. MSKA & Associates have not expressed any difficulty while carrying out the valuation.

### 8. Adoption of the Report by the Directors

The directors of IFIL have adopted this Report after noting and considering the information set forth in this Report. The Board or any duly authorised committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For IndusInd Financial Inclusion Limited,



  
Sanjay Mallik  
Director  
DIN No. 08194530

Date: September 26, 2018  
Place: Mumbai

CIN No. U65999MH2018PLC312539

IndusInd Financial Inclusion Limited

Regd. Office: One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.  
Email: companysecretary@indusind.com

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भारतीय प्रतिस्पर्धा आयोग  
**COMPETITION COMMISSION OF INDIA**

By e-mail and speed post

Comb. Reg. No.: C-2017/11/535

19<sup>th</sup> December, 2017

To

1. Mr. J Sridharan  
 Head Finance & MIS  
 IndusInd Bank Limited  
 2401, General Thimmayya Road  
 Cantonment, Pune  
Maharashtra 411 001, India
2. Mr. Rajendra Patil  
 Executive Vice President - Legal and Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, "Madhava", Bandra-Kurla Complex  
 Bandra (East), Mumbai  
Maharashtra 400 051, India

**Subject:** Communication under sub-regulation (5) of Regulation 28 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011

Reference is invited to the notice (bearing Registration No.C-2017/11/535) jointly filed by IndusInd Bank Limited and Bharat Financial Inclusion Limited on 15<sup>th</sup> November, 2017 under sub-section (2) of Section 6 of the Competition Act, 2002 ("Act")

2. In this regard, you are hereby informed that the Commission, in its meeting held today, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Act.
3. The order of the Commission in this regard will follow.

  
 (Smita Jhingran)  
 Secretary

Cc:

1. Mr. Bharat Budholia- Partner  
 Ms. Aishwarya Gopalakrishnan, Senior Associate  
 Cyril Amarchand Mangaldas  
 5<sup>th</sup> Floor, Peninsula Chambers, Peninsula Corporate Park  
 Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra.
2. Mr. Samir Gandhi, Partner / Ms. Aditi Gopalakrishnan, Senior Associate  
 AZB & Partners  
 Plot No. A8, Sector 4, Noida – 201301.



भारतीय प्रतिस्पर्धा आयोग  
**COMPETITION COMMISSION OF INDIA**

By e-mail and speed post

Comb. Reg. No.: C-2017/11/535/940

19<sup>th</sup> January, 2018

To

1. Mr. J Sridharan  
 Head Finance & MIS  
 IndusInd Bank Limited  
 2401, General Thimmayya Road  
 Cantonment, Pune  
Maharashtra 411 001, India

2. Mr. Rajendra Patil  
 Executive Vice President - Legal and Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, "Madhava", Bandra-Kurla Complex  
 Bandra (East), Mumbai  
Maharashtra 400 051, India

Subject: Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 (bearing registration No. C-2017/11/535).

1. The Commission has passed an order under sub-section (1) of Section 31 of the Competition Act, 2002 ("Act") with respect to the notice filed under sub-section (2) of Section 6 of the Act.
2. Certified copy is enclosed herewith for your information.
3. Please acknowledge receipt of the Order.

  
 (Smita Jhingran)  
 Secretary

Encl: As above.

Cc:

1. Mr. Bharat Budholia- Partner  
 Ms. Aishwarya Gopalakrishnan, Senior Associate  
 Cyril Amarchand Mangaldas  
 5<sup>th</sup> Floor, Peninsula Chambers, Peninsula Corporate Park  
 Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra.
2. Mr. Samir Gandhi, Partner / Ms. Aditi Gopalakrishnan, Senior Associate  
 AZB & Partners  
 Plot No. A8, Sector 4, Noida – 201301.

Hindustan Times House, (3<sup>rd</sup>, 4<sup>th</sup>, 7<sup>th</sup> & 11<sup>th</sup> Floor), 18-20, Kasturba Gandhi Marg, New Delhi-110 001, INDIA  
 Phone : + 91-11-23473400 Fax : + 91-11-23704686 Website : www.cci.aov.in



सत्यमेव जयते



Fair Competition  
For Greater Good

**COMPETITION COMMISSION OF INDIA**

(Combination Registration No. C-2017/11/535)

19.12.2017

**Notice under Section 6(2) of the Competition Act, 2002 given by IndusInd Bank Limited and Bharat Financial Inclusion Limited**

**CORAM:**

Mr. S. L. Bunker  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal representative for:**

IndusInd Bank Limited: *Cyril Amarchand Mangaldas*

Bharat Financial Inclusion Limited: *AZB & Partners*

**Order under Section 31(1) of the Competition Act, 2002**

1. On 15.11.2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), jointly given by IndusInd Bank Limited (“**IBL**”) and Bharat Financial Inclusion Limited (“**BFIL**”). The notice was filed with the Commission pursuant to resolutions passed by the respective Board of Directors of IBL and BFIL, each dated 14.10.2017 and execution of an Implementation Agreement dated 14.10.2017 between IBL and BFIL (hereinafter, IBL and BFIL are collectively referred to as the “**Parties**”).
2. The proposed combination envisages the following steps:

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- i. amalgamation of BFIL into IBL (“**Amalgamation**”), in consideration of which IBL will issue its share to the shareholders of BFIL in accordance with the share entitlement ratio as set out in the Scheme of Arrangement under Sections 230-232 of the Companies Act, 2013;
  - ii. allotment, on a preferential basis, of share warrants convertible into one share of IBL, to IndusInd International Holdings Limited (“**IIHL**”) and IndusInd Limited (“**IL**”) (collectively, “**IBL Promoters**”), as an integral part of the Scheme, in a manner such that the IBL Promoters will hold up to 15 per cent (on an aggregate basis) of the total expanded issued and paid up equity share capital of IBL on a fully diluted basis; and
  - iii. post the Amalgamation, transfer of the undertaking of IBL in relation to the Business Correspondent Business, as a going concern from IBL to its wholly-owned subsidiary (“**Subsidiary**”) by way of a slump exchange, in consideration for which the Subsidiary will issue its equity shares to IBL.
3. It has been stated in the notice that steps (ii) and (iii) are not notifiable to the Commission under Section 6(2) of the Act, on a standalone basis. However, in terms of Regulation 9(4) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), Parties have filed a single notice, covering all interconnected transactions (one or more of which is notifiable).
4. IBL is a private sector bank engaged in providing a range of banking and financial services to individual consumers, corporate and commercial entities. It has been stated that in addition to its core activities, IBL also provides small and affordable financial services in under-served areas through business correspondent arrangements with non-banking financial company - micro finance institutions (“**NBFC-MFIs**”).
5. BFIL is a listed public company and is registered with the Reserve Bank of India as NBFC-MFI. It is stated to be primarily engaged in providing small value loans and







certain other basic financial services to women, prominently in rural areas in India. BFIL also acts as a collection agent for portfolio which is securitized to several banks.

6. On the basis of information provided by the Parties, the Commission observed that the proposed combination primarily relates to the micro finance sector as both IBL and BFIL are engaged in providing microfinance services. Accordingly, there exists a horizontal overlap between the activities undertaken by the Parties. In this regard, the Parties have submitted that there are different institutional sources of micro finance loans in India, namely micro finance institutions, scheduled commercial banks, small finance banks, etc. In addition, the micro finance sector is marked with the presence of a huge number of unorganized/individual lenders also. From a supply side perspective, the customers can avail of micro financing from any of these entities. Accordingly, the Parties have delineated the relevant product market as the market for provision of micro finance loans, by organized financial institutions as well as by the unorganized sector *i.e.* non-institutional lenders.
7. In relation to the relevant geographic market, the Parties are of the view that given their pan-India presence, absence of any regulatory barriers in the provision of micro finance services *inter-se* the States and homogenous nature of the micro finance services provided by the Parties across India, the relevant geographic market for the proposed combination may be considered as the territory of India.
8. The Commission assessed the horizontal overlap between the Parties in different plausible relevant markets. Based on its assessment, the Commission is of the view that the combined market share of the Parties in all such markets is insignificant to raise any competition concerns as such. In addition to the market share data, it is further noted that the relevant market is characterized by presence of several other players, including public sector banks. Accordingly, the horizontal overlap between the Parties is not likely to result in any appreciable adverse effect on competition in India.
9. In relation to the vertical linkages involved in the proposed combination, it is noted that IBL provides micro finance services through business correspondent arrangements with various NBFC-MFIs, including BFIL through the Business Correspondent Agreement





dated 01.10.2014 with BFIL (“BCA”). Under the BCA, BFIL *inter alia* assists IBL in administering the extension of finance to borrowers and in collecting repayments from the borrowers.

10. Further, NBFC-MFIs mobilize resources through various ways, including obtaining loans from banks and other financial institutions, debentures, *etc.* for onward lending to micro finance borrowers. In the present matter, IBL has sanctioned a term loan to BFIL for provision of credit facilities for micro financing. Thus, IBL is placed vertically upstream to BFIL in regard to relevant market for provision of credit facilities for micro financing also.
11. The Commission assessed the possibility of vertical foreclosure, if any, that could result in the aforementioned vertical markets and the downstream market for provision of micro finance services and observed that the Parties have a limited presence in such markets. Therefore, the proposed combination is not likely to result in any input or customer foreclosure so as to appreciably adverse competition in any relevant market.
12. Since the proposed combination is not likely to cause any appreciable adverse effect on competition in any of the alternative and plausible relevant markets that may be defined, the Commission decided that the exact delineation of the relevant market may be left open in the instant matter.
13. Considering the facts on record, details provided in the notice and an assessment of the proposed combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and, therefore, hereby approves the same under sub-section (1) of Section 31 of the Act.
14. This order shall stand revoked if, at any time, information provided by the Parties is found to be incorrect.
15. The information provided by the Parties is confidential at this stage, in terms of, and subject to provisions of Section 57 of the Act.

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16. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

*Anil Kumar Vashisht*  
19/11/2018

ANIL KUMAR VASHISHT  
Assistant Director  
Competition Commission of India  
New Delhi



**APPLICABLE INFORMATION PERTAINING TO THE TRANSFEREE COMPANY IN THE  
FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS**

This document contains applicable information pertaining to the unlisted company, IndusInd Financial Inclusion Limited (the "**Transferee Company**") in relation to the composite scheme of arrangement amongst IndusInd Bank Limited ("**Amalgamated Company**"), Bharat Financial Inclusion Limited ("**Amalgamating Company**"), the Transferee Company and their respective shareholders and creditors ("**Scheme**"), under Sections 230-232 of the Companies Act, 2013 ("**Act**") read with the applicable provisions and rules there under, and other applicable laws.

This document is being issued pursuant to Circular no. CFD/ DIL/ 3/ CIR/ 2017/ 21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("**SEBI**") ("**SEBI Scheme Circular**"). The Scheme is also available on the website of the Amalgamated Company, viz. <http://www.indusind.com/content/home/investor/shareholders-corner/corporate-announcements.html> BSE Limited ("**BSE**") at [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited ("**NSE**") at [www.nseindia.com](http://www.nseindia.com).

Nothing in this document constitutes an offer or an invitation by or on behalf of the Amalgamated Company, Amalgamating Company or the Transferee Company to subscribe for or purchase any securities of the Transferee Company.

Capitalized words not defined herein shall have the meaning ascribed under the Scheme.

**THIS DOCUMENT CONTAINS '10' PAGES.  
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES**

**This document dated October 17, 2018 should be read together with the Scheme and the notice to the shareholders of the Amalgamated Company in connection with the Scheme**

**PROCEDURE**

The procedure with respect to public issue/ offer is not applicable to the Transferee Company as the Transferee Company is unlisted and issuance of equity shares of the Transferee Company would be limited to the Amalgamated Company, in accordance with the Scheme.

**INDUSIND FINANCIAL INCLUSION LIMITED**

**Registered Office:** One Indiabulls Centre Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400 013

**Telephone:** 022 66412361

**Fax:** 022 30493998

**Email:** [alok.desai@indusind.com](mailto:alok.desai@indusind.com)

**Corporate Identification Number:** U65999MH2018PLC312539

**Contact Person:** Mr. Alok Suryakant Desai

Website: NIL

**PROMOTER OF THE TRANSFEREE COMPANY**

IndusInd Bank Limited

**DETAILS OF THE SCHEME**





The Scheme provides for, *inter alia*, the following:

1. the amalgamation of the Amalgamating Company with the Amalgamated Company by way of merger by absorption, and dissolution of the Amalgamating Company without winding up and the consequent issuance of equity shares of the Amalgamated Company to the shareholders of the Amalgamating Company in accordance with the Scheme (“**Amalgamation**”);
2. the preferential allotment of the share warrants (“**Warrants**”) by the Amalgamated Company to the promoters of the Amalgamated Company (“**Preferential Allotment**”);
3. pursuant to the Amalgamation, the transfer of the BC Business (as defined in the Scheme) of the Amalgamating Company transferred to the Amalgamated Company pursuant to the Scheme (“**Transferred Undertaking**”), as a going concern, on a slump sale basis, from the Amalgamated Company to the Transferee Company, in exchange for issuance of equity shares of the Transferee Company to the Amalgamated Company (“**Slump Exchange**”),
4. the grant of Special Incentive IBL Options (as defined in the Scheme) to specified BFIL Employees (as defined in the Scheme) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme; and
5. various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Amalgamated Company,

pursuant to Sections 230 - 232 and other relevant provisions of the Act in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

The Scheme has received the following approvals:

- The Competition Commission of India has, at its meeting held on December 19, 2017, considered the proposed Scheme and approved the same by way of letter dated December 19, 2017.
- The RBI has, by way of its letter dated March 13, 2018, provided no-objection to the proposed Scheme. Further, *vide* a letter dated June 8, 2018, the RBI provided its approval to the Amalgamated Company for the incorporation of the Transferee Company.
- The NSE has, pursuant to its letter dated June 1, 2018 provided its no-objection to the proposed Scheme.
- The BSE has, pursuant to its letter dated June 4, 2018 provided its no-objection to the proposed Scheme.

The Scheme remains subject to: (i) approval from the shareholders and creditors of the Amalgamated Company, Amalgamating Company and the Transferee Company; and (ii) the National Company Law Tribunal and other applicable approvals.

#### GENERAL RISKS



Specific attention of the readers is invited to “Details of the Scheme” above and “Internal Risk Factors” on page 7.

**NAME OF THE CURRENT STATUTORY AUDITOR**

S.R. Batliboi & Co. LLP

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**PROMOTERS OF TRANSFEREE COMPANY**

The Amalgamated Company is the holding company of the Transferee Company. The Amalgamated Company was incorporated on January 31, 1994, under the provisions of the Companies Act, 1956, and registered with the RBI as a banking company.

The Amalgamated Company provides a wide range of banking and financial products and services to individual consumers and corporate and commercial entities ranging from small businesses to large companies and government entities. The activities of the Amalgamated Company are organized into the following business units: (i) Consumer banking; (ii) Corporate and commercial banking; (iii) Global markets; and (iv) Transaction banking.

The registered office of the Amalgamated Company is located at 2401, General Thimayya Road, Cantonment, Pune – 411001 (with effect from March 27, 1995, prior to which the registered office of the Company was located at 32, Swapna Nagari, Karve Road, Pune – 411001).

The equity shares of the Amalgamated Company are listed on NSE and BSE with security symbol INDUSINDBK and 532187 respectively. The Amalgamated Company has also issued equity shares in connection with the issuance and listing of Global Depository Receipts (“GDRs”), each representing one equity share of the Amalgamated Company. The GDRs are listed on the Luxembourg Stock Exchange. The issued, subscribed and paid up capital of the Amalgamated Company as on September 30, 2018 is Rs. 601,29,62,020 divided into 60,12,96,202 equity shares of Rs. 10 each.

**Promoters of the Amalgamated Company:**

Sr. No.	Name of Promoter	No. of shares held	Percentage (%)
1.	IndusInd International Holdings Limited	6,60,27,767	11.00
2.	IndusInd Limited	2,38,00,000	3.96
<b>Total Shareholding</b>		<b>8,98,27,767</b>	<b>14.96</b>





Names of the 5 (five) largest Group Companies (as per Schedule VIII (Part A)(2)(IX)(C)(2) of the SEBI ICDR Regulations, as amended:

1. IndusInd Bank Limited

**BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY OF THE TRANSFEREE COMPANY**

The Transferee Company was incorporated on August 6, 2018 under the provisions of the Companies Act, 2013 *vide* certificate of incorporation dated August 6, 2018 issued by the Registrar of Companies. The Transferee Company is an unlisted company, having its registered office at One Indiabulls Centre Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400 013.

The Transferee Company is authorized by its Memorandum of Association to, *inter alia*, carry on the business of business correspondent/ business facilitator or authorized agent / sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.

At present, the Transferee Company does not carry on any business activity. Pursuant to the Scheme, and immediately following the amalgamation of the Amalgamating Company with the Amalgamated Company, the Transferred Undertaking shall be transferred to the Transferee Company, and shall be operated out of the Transferee Company. The Transferee Company shall function as a dedicated business correspondent of the Amalgamated Company, thereby ensuring outreach for the Amalgamated Company by leveraging on the existing network of the Amalgamating Company.

BOARD OF DIRECTORS			
Sr. No.	Name of Director	Designation	Experience including current/ past position held in other firms
1.	Romesh Sobti	Director	Mr. Romesh Sobti has been an employee of the Amalgamated Company since 2008, and currently serves as the Managing Director & CEO of the Amalgamated Company.  Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 45 years in the banking sector.
2.	Ramachandra Rao Madapati	Director	Mr. Rao has been an employee of the Amalgamating Company since 2006 and currently serves as the Managing Director and the Chief Executive Officer of the Amalgamating Company.



			<p>Prior to joining the Amalgamating Company, he was associated with ING Vysya Life Insurance, Standard Chartered Bank, American Express and Esanda Finza &amp; Leasing Limited as a senior executive. He has a total experience of 30 years in the financial services sector.</p>
3.	Mr. Suhail Chander	Director	<p>Mr. Suhail Chander has been an employee of the Amalgamated Company since 2008, and currently serves as the Head of Corporate &amp; Commercial Banking Division of the Amalgamated Company.</p> <p>The Amalgamated Company has also appointed Mr. Chander as a nominee director on the Board of Cashpor Micro Credit.</p> <p>Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 35 years in the banking sector.</p>
4.	Mr. Sanjeev Anand	Director	<p>Mr. Sanjeev Anand has been an employee of the Amalgamated Company since 2008, and currently serves as Country Head- Commercial Banking and Deputy Head - Corporate &amp; Commercial Banking Division of the Amalgamated Company.</p> <p>The Amalgamated Company has also appointed Mr. Anand as a nominee director on the Board of Samhita Community Development Services, a company incorporated under Section 8 of the Companies Act, 2013.</p> <p>Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 26 years in the banking sector.</p>
5.	Mr. Sanjay Mallik	Director	<p>Mr. Sanjay Mallik has been an</p>





		<p>employee of the Amalgamated Company since 2011, and currently serves as the Head of Investor Relations &amp; Strategy team of the Amalgamated Company.</p> <p>Prior to joining the Amalgamated Company, he was associated with BROTKO FINANCIAL SERVICES. He has over 25 years of experience in the banking sector.</p>
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**Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/ rights issues, if any, of the Transferee Company in the preceding 10 years: Not Applicable**

SHAREHOLDING PRIOR TO THE SCHEME OF THE TRANSFEREE COMPANY					
Sr. No.	Particular	Prior to the Scheme		Post the Scheme	
		No. of shares	% holding of share capital	No. of shares	% holding of share capital
1.	Promoter*	7	100.00	4,37,03,507	100.00
2.	Public	-	-	-	-
	<b>Total</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>100.00</b>

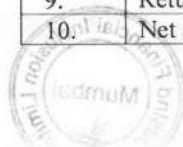
\*Includes shares held by 6 individuals as nominees of the Promoter

#### FINANCIAL INFORMATION OF THE TRANSFEREE COMPANY

**Standalone financial information in relation to the Transferee Company:**

The Transferee Company was incorporated on August 6, 2018, and does not have any business operations as on the date of this document.

Sr. No.	Particular	For the period from August 6, 2018 being the date of incorporation) till the date of this document
1.	Total income from operations (net)	NIL
2.	Net profit / (Loss) before tax and extraordinary losses	NIL
3.	Net profit/ (Loss) after tax and extraordinary losses	NIL
4.	Equity share capital (issued, subscribed and paid up)	Rs. 70
5.	Reserves and surplus	NIL
6.	Net worth	Rs. 70
7.	Basic earnings per share	NIL
8.	Diluted earnings per share	NIL
9.	Return on net worth (%)	NIL
10.	Net asset value per share	Rs. 10



### INTERNAL RISK FACTORS

The Transferee Company has been recently incorporated with the objective to carry on the business correspondent business and other related services. At present, the Transferee Company does not carry on any business activity.

Once operational, the Transferee Company shall act as a dedicated business correspondent of the Amalgamated Company. The Transferee Company may be exposed to the following risks:

- 1. Change in regulatory environment:** The business correspondent services are undertaken as per the regulations/ circulars issued by the RBI. Any major change in the regulations pertaining to the business correspondent activities could affect the business of the Transferee Company.
- 2. Competition:** Increased competition due to the presence of other business correspondents is likely to affect the profitability of the Transferee Company.
- 3. Retention of human resources:** Acquisition and retention of human resources is the key to the continued scaling of the Transferee Company's business.
- 4. Quality Standards:** Failure to maintain quality standards of its services could have an adverse impact on the business of the Transferee Company, the results of its operations and its financial condition.
- 5. Information Technology:** The Transferee Company will be reliant on information technology systems in connection with financial controls, risk management and transaction processing, and accordingly, weaknesses, disruption or failures in information technology systems could have an adverse impact on the business of the Transferee Company.
- 6. Risk in relation to the MFI Business:** The business of the Transferee Company relates predominantly to microfinance industry and any risk associated with the microfinance business may have an impact on the Transferee Company's business.

### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

1. Total number of outstanding litigations against the Transferee Company and amount involved: **NIL**
2. Brief details of top 5 material outstanding litigations against the Transferee Company and amount involved: **NIL**
3. Regulatory actions, if any – disciplinary actions taken by SEBI/ stock exchanges against the promoters/ group companies in last 5 financial years including outstanding action, if any: **NIL**
4. Brief details of outstanding criminal proceedings against the promoters of the Transferee Company:

S. No.	Parties Involved	Brief Particulars
1.	• Gunjan Shah	A complaint was filed against the officials of the



	<p>(complainant)</p> <ul style="list-style-type: none"> <li>• Amalgamated Company and its officers</li> </ul>	<p>Amalgamated Company in Hazrat Ganj police station, Lucknow.</p> <p>The Amalgamated Company executed a lease deed with respect to certain premises for 9 years. During the term of the lease, the owner sold a unit of the leased land to the complainant. However, the Amalgamated Company continued to make rental payments to the erstwhile owner. The complainant has alleged that the Amalgamated Company was acting in concert with the erstwhile owner and not making payments to the complainant.</p> <p>The Amalgamated Company had filed a writ petition before the High Court of Uttar Pradesh for quashing the complaint and the High Court has issued a stay on arrest the officers named in the complaint till further orders from the High Court.</p> <p>The Amalgamated Company has also filed an arbitration petition before the civil court to settle the matter. The matter is pending listing for hearing.</p>
2.	<ul style="list-style-type: none"> <li>• Sushant Minerals Private Limited (complainant)</li> <li>• Amalgamated Company and its officers</li> </ul>	<p>A case was filed by the complainant before the Judicial Magistrate First Class, Barbil, Orissa (“JMFC”).</p> <p>The complainant had entered into a foreign exchange forward contract with the Amalgamated Company, subject to certain terms. However, the forward contract was cancelled by the Amalgamated Company on account of breach of the contract and the loss was appropriated from the complainant’s account maintained with the Amalgamated Company. The complainant has filed the case against the Amalgamated Company’s action.</p> <p>Pursuant to the JMFC’s order to register the case against the Amalgamated Company and its officers, the Amalgamated Company filed a petition before the High Court of Orissa, seeking quashing of JMFC order. The matter is pending before the High Court.</p>
3.	<ul style="list-style-type: none"> <li>• Anil Kumar</li> <li>• Amalgamated Company</li> </ul>	<p>A case was filed before the Judicial Magistrate First Class, Lakshmgadh (Alwar), Rajasthan, against denial of settlement of claim to the legal heirs of the deceased borrower by an insurance company. The insurance policy was issued by the Amalgamated Company on behalf of the insurance company.</p>





		<p>The Amalgamated Company has filed a quash petition before the Rajasthan High Court which is yet to be heard.</p> <p>Meanwhile, a stay order has been obtained and the matter is pending before JMFC, Laxmangarh, Alwar.</p>
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#### RATIONALE OF THE SCHEME

1. The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.
2. The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
3. The Amalgamating Company has a commercially established model in the microfinance segment. The Amalgamation shall provide the Amalgamated Company access to the Amalgamating Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
4. The Amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Amalgamating Company's customer base to the Amalgamated Company's wide array of products and services.
5. The Amalgamated Company can, pursuant to the Amalgamation, leverage the Amalgamating Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Amalgamating Company and the Amalgamated Company.
6. The Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for its future growth.
7. The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.





**ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER/  
TRANSFeree COMPANY**

NIL

**DECLARATION BY THE TRANSFeree COMPANY**

We hereby declare that all applicable provisions of the format of an abridged prospectus as set out in the SEBI Scheme Circular and Part D of Schedule VIII of the SEBI ICDR Regulations have been complied with. We further certify that all statements with respect to us in this document are true and correct.

For **IndusInd Financial Inclusion Limited**



Name: Alok Suryakant Desai  
Designation: Company Secretary  
Membership No. ACS 47550  
Place: Mumbai  
Date: October 17, 2018



Morgan Stanley India  
Company Private Limited

Registered Office:  
18E, Tower 2  
One Indiabulls Centre  
841, Senapati Bapat Marg  
Mumbai 400 013, India

tel (91) 22 6118 1000  
fax (91) 22 6118 1011

Morgan Stanley

Date: October 17, 2018

To

**The Board of Directors**  
IndusInd Bank Limited  
2401, General Thimayya Road  
Cantonment,  
Pune – 411 001

Sub: **Proposed scheme of amalgamation and arrangement among IndusInd Financial Inclusion Limited, IndusInd Bank Limited and Bharat Financial Inclusion Limited (the “Composite Scheme of Arrangement”)**

Dear Sir/ Madam,

1. As required under the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended, (the “SEBI Circular”) we have examined the documents and other information provided to us (as listed in the Annexure hereto) in connection with the disclosures to be included in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the SEBI Circular CIR/CFD/DIL/7/2015 dated October 30, 2015, as applicable (the “Document”), in the explanatory statement to the notice to be sent to shareholders of IndusInd Bank Limited (“IBL”) pertaining to a transfer of the BC Business (as defined in the Composite Scheme of Arrangement) from IBL, a listed company, to IndusInd Financial Inclusion Limited (“IFIL”), an unlisted company and a wholly owned subsidiary of IBL, as part of the Composite Scheme of Arrangement.
2. Accordingly, we hereby confirm that the information relating to IFIL to be included in the Document, is accurate and adequate in terms of paragraph 3(a) of Annexure I of the SEBI Circular read with the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and SEBI Circular CIR/CFD/DIL/7/2015 dated October 30, 2015, as applicable.
3. The above confirmation is based on the information furnished and explanations provided to us by the management of IBL and IFIL and on the assumption that such information is complete and accurate in all material aspects. We have relied upon financials, information and representations furnished to us by IBL and IFIL and have not carried out an audit of such information. Our scope of work does not constitute an audit of financial information and accordingly we are unable to and do not express an opinion on the fairness of any such financial information referred to in the Document. This certificate is based on the information as at October 17, 2018. This certificate is for a specific purpose issued in terms of the SEBI Circular and hence, it should not be used for any other purpose or transaction. This certificate is not, nor should it construed to be, a certification of



Stock Broker - SEBI Registration Nos: NSE-INB/INF 231054231, BSE-INB 011054237  
Compliance Officer: Anil Shenoy Email: anil.shenoy@morganstanley.com Tel: (91) 22 61181505

CIN U22990MH1998PTC115305

## Morgan Stanley

compliance of the Composite Scheme of Arrangement with the provisions of applicable laws including corporate, taxation and securities markets related laws or as regards to any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

4. We express no opinion whatsoever and make no recommendation at all as to the decision of IBL and/or IFIL to effect the Composite Scheme of Arrangement or as to how the holders of equity shares or secured or unsecured creditors (as the case may be) of Bharat Financial Inclusion Limited, IBL and IFIL should vote at their respective meetings held in connection with the Composite Scheme of Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the Composite Scheme of Arrangement or its success. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of IBL will trade following the Composite Scheme of Arrangement or as to the financial performance of IBL or IFIL following the consummation of the Composite Scheme of Arrangement. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether the shareholders/investors should buy, sell or hold any stake in IBL or any of its related parties (holding company/subsidiaries/associates, etc.).

Thanking you,

Sincerely,

For Morgan Stanley India Company Private Limited



Authorized Signatory

Name: RAHUL JAIN

Designation: VP

Contact Number: 61183363

Email ID: rahul.jain@morganstanley.com

**Annexure**

**List of documents/information reviewed**

1. Composite Scheme of Arrangement among IFIL, IBL, Bharat Financial Inclusion Limited and their respective shareholders and creditors
2. Certificate of Incorporation of IFIL
3. SPICe (Form INC-32) for incorporation of IFIL
4. Memorandum of Association of IFIL
5. Report dated August 13, 2018 issued by MSKA & Associates in relation to the valuation of BC Business of Bharat Financial Inclusion Limited and determination of shares to be issued by IFIL
6. Certified copy of the resolution of the board of directors of IFIL passed on August 14, 2018 for appointment of statutory auditors
7. Certified copy of the resolution of the board of directors of IFIL passed on August 14, 2018 for approval of the Composite Scheme of Arrangement
8. Letters dated October 15, 2018 and October 17, 2018 by Bharat Financial Inclusion Limited and IBL respectively in relation to the current/past position of the directors of IFIL;
9. Form DIR-2 in relation to directors of IFIL
10. No-objection certificate issued by Indiabulls Properties Private Limited in relation to the use of the licensed premises as the office of IFIL
11. Bank statement of IFIL for the period of September 10, 2018 until October 12, 2018;
12. Regulatory approvals received in relation to the transaction:
  - (i) Approval from the Competition Commission of India dated December 19, 2017
  - (ii) Approval from the National Stock Exchange of India Limited dated June 1, 2018
  - (iii) Approval from the BSE Limited dated June 4, 2018
  - (iv) No objection from the Reserve Bank of India for the amalgamation dated March 13, 2018
  - (v) Approval from the Reserve Bank of India for the incorporation of IFIL dated June 8, 2018.







**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

**BHARAT FINANCIAL INCLUSION LIMITED**

**Corporate Identity No. (CIN):** L65999MH2003PLC250504

**Registered Office:** Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India  
**Head Office:** 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh, Begumpet, Hyderabad 500016, Telangana, India  
**Tel. No.:** +91 22 26592375 / +91 40 44526000; **Fax No.:** +91 22 26592375 / +91 40 44526001  
**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

**Bharat Financial Inclusion Limited** [CIN: L65999MH2003PLC250504], )  
a company incorporated under the Companies Act, 1956 and having )  
its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, )  
Bandra (East), Mumbai 400051, Maharashtra, India ) ... Applicant Company

**Form No. MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : .....  
Registered address : .....  
E-mail ID : .....  
Reg. Folio No./ Client ID : .....  
DP ID No. : .....  
Number of Shares : .....

I/We, being the member(s) of Bharat Financial Inclusion Limited, hereby appoint:

- Name : ..... E-mail ID : .....  
Address: .....  
..... Signature: ..... or failing him
- Name : ..... E-mail ID : .....  
Address: .....  
..... Signature: ..... or failing him
- Name : ..... E-mail ID : .....  
Address: .....  
..... Signature: ..... or failing him

as my/our Proxy to attend and vote for me/us and on my/our behalf at the meeting of the equity shareholders convened under the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench to be held at First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, on Tuesday, December 11, 2018 at 11.00 a.m. (IST) and at any adjournment or adjournments thereof in respect of such resolution as is indicated below:

Resolution No.	Resolution
1.	Approval of the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited, IndusInd Bank Limited and IndusInd Financial Inclusion Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of the Shareholder(s) \_\_\_\_\_

Signature of the Proxy Holder(s) \_\_\_\_\_



(Signature across the stamp)

**Notes:**

**This proxy form in order to be effective should be duly completed and deposited at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra or Head office at 3rd Floor, My Home Tycoon, Block A, Kundanbagh, Begumpet, Hyderabad – 500016, Telangana, India not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.**

1. All alterations in the proxy form should be initialled.
2. Please affix appropriate revenue stamp before putting signature.
3. Proxy need not be a shareholder of the Company.
4. No person shall be appointed as a proxy who is a minor.
5. For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the Equity Shareholders of the Company.



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

## **BHARAT FINANCIAL INCLUSION LIMITED**

**Corporate Identity No. (CIN):** L65999MH2003PLC250504

**Registered Office:** Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India

**Head Office:** 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh, Begumpet,  
Hyderabad 500016, Telangana, India

**Tel. No.:** +91 22 26592375 / +91 40 44526000; **Fax No.:** +91 22 26592375 / +91 40 44526001

**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

### **ATTENDANCE SLIP**

**MEETING CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL OF THE EQUITY SHAREHOLDERS ON TUESDAY, DECEMBER 11, 2018 AT FIRST FLOOR, BOUNDARY HALL, MUMBAI CRICKET ASSOCIATION RECREATION CENTRE (MCA), BANDRA KURLA COMPLEX, G BLOCK, BANDRA (EAST), MUMBAI – 400 051, MAHARASHTRA, INDIA, MAHARASHTRA**

I/We hereby record my/our presence at the meeting of the equity shareholders of the Company, convened pursuant to an Order dated October 31, 2018 of Hon'ble National Company Law Tribunal, Mumbai Bench at First Floor, Boundary Hall, Mumbai Cricket Association Recreation Centre (MCA), Bandra Kurla Complex, G Block, Bandra (East), Mumbai – 400 051, Maharashtra, on Tuesday, December 11, 2018 at 11.00 a.m. (IST).

Name and address of the .....  
equity shareholder  
(IN BLOCK LETTERS)

Signature : .....

Reg. Folio No. / Client ID : .....

DP ID No. : .....

No. of Shares : .....

Name of the Proxy\* .....  
(IN BLOCK LETTERS)

Signature : .....

\* (To be filled in by the Proxy in case he/she attends instead of the shareholder).

#### **Notes:**

1. Only Member/ Proxy holder can attend the Meeting.
2. Please complete the Folio No./ DP ID No. Client ID No. and name of the Member/ Proxy holder sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. A Member/ Proxy holder attending the meeting should bring copy of the Notice for reference at the meeting.

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**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

## **BHARAT FINANCIAL INCLUSION LIMITED**

**Corporate Identity No. (CIN):** L65999MH2003PLC250504

**Registered Office:** Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India

**Head Office:** 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh, Begumpet,

Hyderabad 500016, Telangana, India

**Tel. No.:** +91 22 26592375 / +91 40 44526000; **Fax No.:** +91 22 26592375 / +91 40 44526001

**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

**MEETING OF THE SECURED CREDITORS OF BHARAT FINANCIAL INCLUSION LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

### **NOTICE TO SECURED CREDITORS**

<b>Day</b>	Tuesday
<b>Date</b>	December 11, 2018
<b>Time</b>	2.30 p.m. (IST)
<b>Venue</b>	Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

<b>Bharat Financial Inclusion Limited</b> ) [CIN: L65999MH2003PLC250504], a company incorporated ) under the Companies Act, 1956 and having its registered office ) at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra ) ... Applicant Company (East), Mumbai 400 051, Maharashtra, India )
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**NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF  
BHARAT FINANCIAL INCLUSION LIMITED, THE APPLICANT COMPANY**

(Form No. CAA2)

To,

**The Secured Creditors of Bharat Financial Inclusion Limited**

**NOTICE** is hereby given that by an order date October 31, 2018, in the above mentioned Company Scheme Application ("**Order**"), the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**" or "**NCLT**") has directed that a meeting of the secured creditors of the Company, be convened and held at Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 2:30 p.m. (IST) to consider, and, if thought fit, to approve with or without modification(s), the proposed Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**").

**TAKE FURTHER NOTICE** that in pursuance of the Order and as directed therein, a meeting of the secured creditors of the Company, will be held at Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 2:30 p.m. (IST) ("**Meeting**"), at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that copy of the Scheme, Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Form of Proxy, Attendance Slip and other annexures as stated in the Index are enclosed herewith. A copy of the Scheme and the Explanatory Statement can be obtained free of charge at the registered office of the Company.

The Hon'ble Tribunal has appointed Mr. Abeezer E. Faizullahoy, Advocate, Senior Partner, Hemant Sahai Associates failing him, Mr. Jyotin Mehta, an Independent Professional, FCS, FCA and FCMA, to be the Chairperson of the Meeting.

The above Scheme, if approved by the secured creditors, will be subject to the subsequent approval of the Hon'ble Tribunal and such other consents and permissions as may be required from any person(s)/authority.

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolution under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

***"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other Rules, Circulars and Notifications made thereunder as may be applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017 issued by the Securities and Exchange Board of India read with observation letters issued by National Stock Exchange of India Limited and BSE Limited date June 1, 2018 and June 4, 2018 respectively and the relevant provisions of the other applicable laws, and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the National Company Law Tribunal, Mumbai Bench ("Hon'ble Tribunal") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("Applicant Company" or "Company" or "Amalgamating Company"), IndusInd Bank Limited ("Amalgamated Company") and IndusInd Financial Inclusion Limited ("Transferee Company") and their respective shareholders and creditors ("Scheme"), that is being circulated along with the Notice and a copy thereof duly initialed by the chairperson for the purpose of identification is also placed at the meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper and delegate all or any of its powers herein conferred to any Director(s) and/ or officer(s) of the Company, to give effect to this resolution, if required, as it may be in its absolute discretion deem it necessary or desirable."*

Sd/-

**Abeezar E. Faizullahoy**  
Chairperson Appointed for the Meeting

Date: November 2, 2018

Place: Mumbai

**Registered Office:**

Bharat Financial Inclusion Limited

**CIN:** L65999MH2003PLC250504

Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India

**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in



**Notes:**

1. Explanatory Statement pursuant to Section 230(3), Section 232(2) read with Section 102 of the Companies Act, 2013 to the Notice of the Meeting of the secured creditors of the Applicant Company convened as per the directions of the Hon'ble Tribunal is annexed hereto.
2. Only secured creditors of the Company may attend and vote either in person or by proxy (a proxy need not be a secured creditor of the Company) or in the case of a body corporate, by a representative authorized under Section 113 of the Companies Act, 2013, at the Meeting. The authorized representative of a body corporate which is a secured creditor of the Company may attend and vote at the Meeting and are requested to submit a copy of the resolution of the board of directors or other governing body of the body corporate or any other appropriate authorisation document authorising such representative to attend and vote at the Meeting, duly certified to be a true copy by a director, manager, secretary or other authorised officer of such body corporate, in advance at the registered office/ head office of the Company preferably 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.
3. **A SECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF/ITSELF AND SUCH PROXY NEED NOT BE A SECURED CREDITOR OF THE COMPANY.**
4. A form of proxy is enclosed to this Notice. No instrument of proxy shall be valid unless:
  - (i) it is signed by the secured creditor or by his/her attorney duly authorised in writing or, in the case of body corporate, it is executed under its seal, if any, or signed by its attorney duly authorised in writing.
  - (ii) it is duly filled, stamped, signed and deposited at the registered office/ head office of the Company not less than 48 (forty eight) hours before the time fixed for the meeting, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate.
5. All alterations made in the Form of Proxy should be initialled. The form of proxy can be obtained free of charge from the registered office of the Company.
6. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a secured creditor would be entitled to inspect the proxies lodged at any time during the business hours (10.00 a.m. to 6.00 p.m.) of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
7. Secured creditors or his/ her proxy are requested to bring the copy of this Notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the venue of the Meeting.
8. In compliance with the Order and the provisions of Section 230(4) of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Company has provided the facility of voting by ballot at the venue of the Meeting, so as to enable the secured creditors to consider and approve the Scheme by way of the aforesaid resolution.
9. The quorum for the Meeting shall be 5 (five) secured creditors, present in person or by representative or by proxy. In case the quorum as noted above are not present at the Meeting, then the meeting shall be adjourned for half an hour, and thereafter, the persons present shall be deemed to constitute the quorum.
10. The Notice, together with the documents accompanying the same, is being sent to all secured creditors by permitted modes, whose names appear in the list of secured creditors as on August 31, 2018. The voting rights shall be reckoned on the outstanding value of the secured creditors as per the books of accounts of the Company as on the close of business on August 31, 2018. Persons who are not secured creditors of the Company as on the date of the Meeting should treat this Notice for information purpose only.

11. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the secured creditors of the Company, voting in person or by proxy or by authorised representative, agree to the Scheme.
12. As directed by the Hon'ble Tribunal, Mr. K. V. S. Subramanyam (Membership No. F5400) failing him, Mr. A Ravi Shankar (Membership No. F5335) of M/s. Ravi & Subramanyam, Practicing Company Secretaries, shall act as scrutinizer to scrutinize votes cast by polling/ ballot paper at the venue of the Meeting and shall submit a report on votes cast to the Chairperson of the Meeting or to the person so authorised by him within 48 (forty eight) hours from the conclusion of the Meeting. The scrutinizer's decision on the validity of the vote shall be final.
13. The result of the voting shall be announced on or before Thursday, December 13, 2018 upon receipt of scrutinizer's report and same shall be displayed on the website of the Company at [www.bfil.co.in](http://www.bfil.co.in) besides being sent to BSE Limited and National Stock Exchange of India Limited on the said date.
14. The Notice convening the aforesaid Tribunal Convened Meeting will be published through advertisement in Pan-India edition of 'Indian Express' in English language and Marathi translation in 'Loksatta' (Maharashtra edition).
15. All relevant documents referred to in the above Notice and other documents required to be open for inspection are open for inspection by the secured creditors of the Company at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra between 10:00 a.m. to 12:00 noon on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting

## Route Map to the Venue of the Meeting

### Venue:

Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

<b>Bharat Financial Inclusion Limited</b> ) [CIN: L65999MH2003PLC250504], a company incorporated ) under the Companies Act, 1956 and having its registered office ) at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra ) (East), Mumbai 400051, Maharashtra, India )	) ... Applicant Company
--	-------------------------

**EXPLANATORY STATEMENT UNDER SECTION 230(3) AND SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016, TO THE NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF THE APPLICANT COMPANY.**

1. This is a statement accompanying the Notice convening the meeting of the Secured Creditors of the Company ("**Meeting**"), pursuant to the order dated October 31, 2018 ("**Order**") passed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**" or "**NCLT**") in the Company Scheme Application No. 922 of 2018, referred to hereinabove, to be held at Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 2:30 p.m. (IST) for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**").
2. A copy of the Scheme is enclosed herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from Appointed Date (i.e. January 1, 2018) but shall be made operative from the Effective Date (as defined in the Scheme).
3. This statement is being furnished as required under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
4. The Hon'ble Tribunal, by its Order, has held that if the entries in the records of the Company in relation to the number or value, as the case may be, of the value of debt are disputed, the Chairperson of the Meeting shall determine the number or value, as the case maybe, for the purposes of the Meeting and the decision of the Chairperson in that behalf would be final.
5. The aforesaid Order will be available for inspection at the registered office of the Company at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India from 10:00 a.m. to 12:00 noon, on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.

## 6. Background of Companies

- 6.1. The Company was incorporated as a private limited company on September 22, 2003, under the Companies Act, 1956, under the name and style of 'SKS Microfinance Private Limited' vide certificate of incorporation dated September 22, 2003 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Consequent to change of status from private to public company, and consequential change in name from 'SKS Microfinance Private Limited' to 'SKS Microfinance Limited' a fresh certificate of incorporation dated May 20, 2009 was issued by Assistant Registrar of Companies, Andhra Pradesh. Consequent to change of place of registered office from Andhra Pradesh to Maharashtra, a fresh certificate of incorporation dated December 10, 2013 was issued by Registrar of Companies, Mumbai. Consequent to change of name from 'SKS Microfinance Limited' to 'Bharat Financial Inclusion Limited', a fresh certificate of incorporation dated June 13, 2016 was issued by Registrar of Companies, Mumbai. The PAN and CIN of the Company are AAICS2940J and L65999MH2003PLC250504 respectively. The email address for the purpose of this matter is complianceofficer@bfil.co.in. Apart from the abovementioned changes, there has been no change in the name and registered office of the Company during the last five years.
- 6.2. The authorised, issued, subscribed and paid-up share capital of the Company as on September 30, 2018 is as under:

Particulars	Amount in INR
<b>Authorized Capital</b>	
15,70,00,000 Equity Shares of INR 10 each	157,00,00,000
1,30,00,000 preference shares of INR 10 each	13,00,00,000
<b>Total</b>	<b>170,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
14,00,85,010 Equity Shares of INR 10 each fully paid-up*	140,08,50,100
<b>Total</b>	<b>140,08,50,100</b>

\*As on September 30, 2018, the Company has 50,67,413 outstanding employee stock options under its existing stock options scheme, exercise of which may result in an increase of up to 50,67,413 equity shares in the issued and paid up share capital of the Company.

- 6.3. The Company is a public limited company and its equity shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Ltd. ("NSE").
- 6.4. The Company is engaged primarily in the business of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income generating activities and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans as a business correspondent of the Amalgamated Company as well as provision of other products and services.
- 6.5. The details of Directors of the Company as on the date of this notice along with their address are mentioned herein below:

S.No.	Name of Directors	DIN	Category	Address
1.	Mr. P. H. Ravikumar	00280010	Non-Executive Chairman & Independent Director	501, Yashowan Towers, Behind Mahim Post Office, T. H. Kataria Marg, Mahim (West), Mumbai 400016, Maharashtra, India
2.	Mr. Ashish Lakhanpal	02410201	Director	5907 Kirby Road Bethesda, MD 20817, United States of America



S.No.	Name of Directors	DIN	Category	Address
3.	Mr. S. Balachandran	01962996	Independent Director	Plot No. 198, Flat No. 301, Kunda Residency, Street No. 4, Opp. Indian Overseas Bank, West Maredpally, Nehrunagar, Hyderabad 500026, Telangana, India
4.	Mr. Geoffrey Tanner Woolley	00306749	Independent Director	88, Weona Road, North Attleboro, MA 02760, United States of America
5.	Mr. M.R. Rao	03276291	Managing Director & CEO	Plot No. 23, Ashwini Layout, Jubilee Hills, Near Andhra Jyoti Office, Hyderabad 500033, Telangana, India
6.	Dr. Punita Kumar-Sinha	05229262	Independent Director	51, Gate House Road, Chestnut Hill, MA 02467, Massachusetts, United States of America
7.	Mr. Rajender Mohan Malla	00136657	Independent Director	C-4/19, Safdarjang Development Area, Hauz Khas, New Delhi 110016, India
8.	Mr. Sanjay Jain	02559601	Nominee Director - SIDBI	906, SIDBI Officer, Appt. 25, Veera Desai Road, Andheri (W), Mumbai 400053, Maharashtra, India
9.	Dr. Tarun Khanna	01760700	Independent Director	66, Druid Hill Road, Newton 02461, United States of America

6.6. The details of Promoters of the Company along with its address are mentioned herein below:

Name of Promoters	Category	Address
Kismet Microfinance	Promoter	3rd Floor, Harbour Front Building, President John Kennedy Street, Port Louis, Mauritius

6.7. As on date of this notice, the Company has no unsecured creditors.

6.8. The objects for which the Company has been established are set out in its Memorandum of Association. The relevant objects are set out hereunder:

- “1. To reduce poverty in India, by carrying on the business of providing Microfinance services (mainly Non Banking financial services as permitted by the Reserve bank of India) exclusively to large number of poor men and women directly or indirectly, and thus to help them and their families out of poverty and improve their standard of living.
2. To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of:
  - (i) agricultural development (which term includes, inter alia, land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture),
  - (ii) industrial development (which term includes, inter alia, agro-processing, mining and quarrying utilities (including water, power and renewable sources of energy) manufacturing, (including handicrafts, construction, trade and distribution, transport, and services of all kinds)),
  - (iii) market linkage development (which term includes, inter alia, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs),

(iv) *habitat development (which term includes, inter alia, purchase, construction, upgradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes), but exclusively targeted to the poor men and women in generation and enhancement of livelihoods in India.*

3. *To provide collateral free credit to poor men and women, deliver credits, thrift and savings, insurance and other financial services to them in the cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family's family living conditions based on their needs, skills and traditional livelihood occupations and to carry on the business of microfinance.*
4. *To carry on and undertake the business of insurance, including life and general insurance as intermediary or agent of other insurance companies, subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance business.*
5. *To carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development finance and other financial services, as intermediary for other companies or organizations.*
6. *To lend loans for purpose against pledge of gold including household and/or used gold jewellery or any other security including housing or commercial property with or without a mortgage on such terms as may seem expedient.*
7. *To extend working capital loans to kirana stores, which deal with fast-moving consumer goods and groceries.*
8. *To extend loans for purchase of mobile phones on such terms as may seem expedient."*

*There has been no change in the objects of the Company during the last five years.*

- 6.9. The Amalgamated Company is a public limited company, incorporated on January 31, 1994 under the Companies Act, 1956, under the name and style of 'IndusInd Bank Limited'. The PAN and CIN of the Amalgamated Company are AAACI1314G and L65191PN1994PLC076333 respectively. The email address of the Amalgamated Company is companysecretary@indusind.com
- 6.10. The authorised, issued, subscribed and paid-up share capital of the Amalgamated Company as on September 30, 2018 is as under:

Particulars	Amount in INR
<b>Authorized Capital</b>	
70,00,00,000 Equity Shares of INR 10 each	700,00,00,000
<b>Total</b>	<b>700,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
60,12,96,202 Equity Shares of INR 10 each fully paid up*	601,29,62,020
<b>Total</b>	<b>601,29,62,020</b>

\*As on September 30, 2018, the Amalgamated Company had 103,47,439 outstanding employee stock options under its existing stock options scheme, exercise of which may result in an increase of upto 103,47,439 equity shares in the issued and paid up share capital of the Amalgamated Company.

- 6.11. The Amalgamated Company is a public limited company and its equity shares are listed on BSE and NSE and its Global Depository Receipts are listed on Luxembourg Stock Exchange.
- 6.12. The Amalgamated Company is a Banking Company registered under the Banking Regulation Act, 1949. The Amalgamated Company provides a wide range of banking and financial products

and services to individual consumers and corporate and commercial entities ranging from small businesses to large companies and government entities.

The activities of the Amalgamated Company are organized into the following business units: (i) Consumer Banking; (ii) Corporate and Commercial Banking; (iii) Global Markets; and (iv) Transaction Banking.

- 6.13. The details of Directors of the Amalgamated Company as on the date of this notice along with their address are mentioned herein below:

S. No.	Name of Directors	DIN	Category	Address
1.	Mr. Seshasayee Ramaswami	00047985	Non-Executive, Part time Chairman	Krishna, New No. 20, Old No. 52 / 1 Luz Avenue, Mylapore Chennai 600004 Tamil Nadu, India
2.	Mr. Romesh Sobti	00031034	Managing Director & CEO	Apartment No. 29/ 30, 33 South, Peddar Road Opposite Sterling Apartments Mumbai 400026 Maharashtra, India
3.	Mrs. Kanchan Uday Chitale	00007267	Non-Executive Independent Director	1204, Navdurga CHS. Ltd, 12th Floor, Deonar, Chembur, Govandi Station Road, Mumbai 400088, Maharashtra, India
4.	Mr. Ranbir Singh Butola	00145895	Non-Executive Independent Director	B-2/2277 Vasant Kunj New Delhi 110070, India
5.	Mr. Shanker Annaswamy	00449634	Non-Executive Independent Director	No A265, East Drive Prestige Ozone, Whitefield Main Rd, Whitefield Bengaluru 560066, Karnataka, India
6.	Dr. Ram Mohan Tiruvallur Thattai	00008651	Non-Executive Independent Director	504, Indian Institute of Management, Vastrapur, Ahmedabad-380015, Gujarat, India.
7.	Mr. Yashodan Madhusudhan Kale	00013782	Non-Executive Non Independent Director'	2, Summit 31 Carmichael Road, Mumbai 400026, Maharashtra, India
8.	Mr. Arun Tiwari	05345547	Additional Non-Executive Independent Director	B-14, Ahuja Towers, Rajabhau Anant Desai Marg, Century Bazar, Prabhadevi, Mumbai-400025, Maharashtra, India
9.	Mrs. Akila Krishnakumar	006629992	Additional Non-Executive Independent Director	S-67, Golden Enclave, Airport Road, Bangalore-560017, Karnataka, India.

- 6.14. The details of Promoters of the Amalgamated Company as on September 30, 2018 along with their address are mentioned herein below:

Sr. No.	Name of Promoters	Address
1	IndusInd International Holdings Limited	19 Church Street, Port Louis, Mauritius
2	IndusInd Limited	19 Church Street, Port Louis, Mauritius

- 6.15. As on September 30, 2018, the Amalgamated Company has
- (i) 804 unsecured creditors and the aggregate amount owed to such unsecured creditors is Rs. 4,30,02,94,15,361; and
  - (ii) 49,80,504 depositors and the aggregate amount owed to such depositors is Rs. 16,82,19,28,21,104.
- 6.16. The objects for which the Amalgamated Company has been established are set out in the Memorandum of Association. The relevant objects are set out hereunder:
- “1. *To do all kinds of banking business.*
  - 2. *To engage in any one or more of the following forms of business:*
    - (a) *the borrowing, raising or taking up of money,*
    - (b) *the lending or advancing of money either upon or without security,*
    - (c) *the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, Railway receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not,*
    - (d) *the granting and issuing of letters of credit, traveller’s cheques and circular notes,*
    - (e) *the buying and selling and dealing in bullion and specie,*
    - (f) *the buying and selling of foreign exchange including foreign Bank notes,*
    - (g) *the acquiring, holding, issuing on commission, underwriting and dealing in stocks, funds shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds,*
    - (h) *the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others,*
    - (i) *the negotiating of loans and advances,*
    - (j) *the receiving of all kinds of bonds, scrips or valuables for deposit or for safe custody or otherwise,*
    - (k) *the providing of safe deposit vaults,*
    - (l) *the collecting and transmitting of money and securities.*
  - 3. *Acting as agents for any Government or Local authority or any other person or persons, the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of Managing agent or secretary and treasurer of a company.*
  - 4. *Contracting for public and private loans and negotiating and issuing the same.*
  - 5. *Effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private of State, Municipal or other loans or of shares, stock debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.*
  - 6. *Carrying on and transacting every kind of guarantee and indemnity business.*
  - 7. *Managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims.*



8. Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security.
9. Undertaking and executing trusts.
10. Undertaking and administration of estates as executor, trustee or otherwise.
11. Establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons, granting pensions and allowances and making payments towards insurance, subscribing to or guaranteeing moneys for charitable or for any public, general or useful objects.
12. The acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company.
13. Selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company.
14. Acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in sub-section (1) of section 6 of Banking Regulation Act, 1949.
15. Doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company.
16. To take or concur in taking all such steps calculated to uphold and support the credit of the Company / Bank and to obtain and justify public confidence and to avert or minimise financial disturbance which may affect the Company / Bank.
17. Any other form of business which the Central Government or Reserve Bank of India may specify as a form of business in which it is lawful for the Company to engage."
18. To encourage thrift and to encourage social and economic betterment of the members of the company.
  - 18 A. To open, establish, maintain and operate currency chests and Small Coin Depots on such terms and conditions as may be required by Reserve Bank of India, established under the Reserve Bank of India Act, 1934 and enter into all administrative or other arrangements for undertaking such functions with the permission of Reserve Bank of India.
  - 18 B. To undertake all the activities, functions and obligations of the depository participant and such other activities which are incidental or ancillary thereto.
  - 18 C. To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto."

6.17. **Details of change of name, registered office and objects of the Amalgamated Company during the last five years**

**Change of objects:** Pursuant to the special resolution passed by the shareholders through postal ballot on February 17, 2014, the Memorandum of Association was amended to permit the Amalgamated Company to solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.

Except the above mentioned change of objects, there has been no other change in the name, registered office and objects of the Amalgamated Company during the last five years.

- 6.18. The Transferee Company is public limited company, incorporated on August 6, 2018 under the Companies Act, 2013, under the name and style of 'IndusInd Financial Inclusion Limited'. The PAN and CIN of the Transferee Company are AAECI9566Q and U65999MH2018PLC312539 respectively. The email address of the Transferee Company for this matter is companysecretary@indusind.com There has been no change in the name and registered office of the Transferee Company since the date of its incorporation.
- 6.19. The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on date of this notice is as under:

Particulars	Amount in INR
<b>Authorized Capital</b>	
5,00,00,000 Equity Shares of INR 10 each	50,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
7 Equity Shares of INR 10 each fully paid up	70
<b>Total</b>	<b>70</b>

- 6.20. The shares of the Transferee Company are not listed on any stock exchange.
- 6.21. The Transferee Company is a public limited company and is currently not carrying out any business but has been incorporated primarily to undertake the BC Business (as defined in the Scheme) that will be transferred into the Transferee Company pursuant to the terms of the Scheme.
- 6.22. The details of Directors of the Transferee Company along with their addresses are mentioned herein below:

S. No.	Name of Directors	DIN	Category	Address
1.	Mr. Romesh Sobti	00031034	Director	Apartment No. 29 / 30, 33 South, Peddar Road Opposite Sterling Apartments Mumbai 400 026, Maharashtra, India
2.	Mr. M. R. Rao	03276291	Director	Plot No. 23, Ashwini Layout, Near Andhra Jyoti Office, Jubilee Hills Hyderabad 500 033, Telangana, India
3.	Mr. Suhail Chander	06941577	Director	1045, Hubert Road, 94610-2520, Oakland CANA, United States of America.
4.	Mr. Sanjeev Anand	07074653	Director	92 SFS DDA Flats Hauz Khas Delhi 110 016, India
5.	Mr. Sanjay Vijay Mallik	08194530	Director	Flat 2A, Sunshine Apartments, Ground Floor 78-B Dr. Annie Besant Road, Worli Mumbai 400 018

- 6.23. The details of Promoters (including Promoter group) of the Transferee Company along with their address are mentioned herein below:

The entire share capital of Transferee Company as on the date of this notice is held by the Amalgamated Company and its nominee shareholders.

As on date of this notice, the Amalgamated Company is the only unsecured creditor of the Transferee Company in relation to pre-incorporation expenses for an amount of INR 48,84,566.

- 6.24. The objects for which the Transferee Company has been established are set out in the Memorandum of Association. The relevant objects are set out hereunder:

"1. To establish and carry on directly or indirectly, the business of sourcing, marketing, promoting, publicizing, selling and distributing financial products, insurance products, mutual fund products, pension products and other third-party products either as

*business correspondent or business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, insurance companies, firms, companies, public sector undertakings, mutual funds, venture funds, trusts, societies, corporations, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services including but not limited to services such as identification of customers, collection, preliminary processing and submission of product applications forms/documents including verification of primary information/data and other customer information; create awareness about savings and other financial products and education and advice on managing money, budgets and debt counselling; understanding financial concepts; process and submit of applications to the clients; promote, nurture and monitor self-help groups, joint liability groups or credit groups or micro and small enterprises; conduct post sanction monitoring; handholding of clients including underserved and economically weaker sections of society; follow-up for recovery; disburse small value credit; undertake recovery of principal/collection of interest and collection of small value deposits; sale and distribution of micro insurance/mutual fund products/pension products/other third party products; receive and deliver small value remittances and other payment instruments in accordance with the regulations prescribed by Reserve Bank of India and other appropriate authorities and for this purpose:*

- (a) to enter into strategic alliances, joint ventures, partnerships, arrangement or other forms of association with, or make financial or other investments in, any other person, firm, company, bank, financial institution and other bodies corporate; and*
  - (b) to promote, own, establish, operate or maintain branches and other outlets or media, data, call or contact centres or other remote facilities for trading, marketing, distribution or conducting transactions including (without limitation) electronic data interchange, transaction initiation, processing, clearing or settlement services by means of electronic, computer or automated machines network or by any other modes of communication in loyalty, database, financial and other products or services, in compliance with the applicable laws.*
- 2. To arrange for the provision of microfinance services in India through enabling commercial banks, financial institutions or other financing institutions and/ or agencies, to directly or indirectly extend credits, savings and other financial services to the public in the cities, towns, villages of India with a view to provide sustainable livelihood and enhancement of their and their family's family living conditions based on their needs, skills and traditional livelihood occupations.*
  - 3. To undertake, promote, sponsor, carry out financial inclusion activities, rural and urban development including any programme for promoting the social and economic welfare of or the uplift of the public in such areas and to incur expenditure on any such programme and to assist execution and promotion thereof and to carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development finance, micro finance and other financial services, either directly or as intermediary for other companies or organizations or any other manner as may be decided by the Directors."*
  - 4. To carry on the business and profession of advisors, consultants, trainers and researchers and render services in the field of agricultural development, industrial development, market development, habitat and environmental development and financial services, to individuals, firms, companies, associations, societies, trusts, unregistered groups, Government Departments, public or local authorities or any other enterprises which are engaged in business, commerce, research, public welfare,*

*public administration or military services, in the matters pertaining to administration, management, organization, manufacture, production, storage process, systems, finance and accounts, recruitment and training of personnel, purchasing, marketing, engineering, etc.”*

*There has been no change in the objects of the Transferee Company since the date of its incorporation.*

## **7. Details of the Scheme**

- 7.1. The Scheme provides for:
  - 7.1.1. The amalgamation of the Company with the Amalgamated Company by way of merger by absorption and dissolution of the Amalgamating Company without winding up and consequent issuance of IBL Shares (as defined in the Scheme) by the Amalgamated Company to the shareholders of the Company as per the Share Exchange Ratio (as defined in the Scheme).
  - 7.1.2. The Preferential Allotment (as defined in the Scheme) by the Amalgamated Company of the Warrants (as defined in the Scheme) to the IBL Promoters (as defined in the Scheme).
  - 7.1.3. The transfer of Transferred Undertaking (as defined in the Scheme), as a going concern, on a slump sale basis, from Amalgamated Company to the Transferee Company in exchange for Slump Exchange Shares (as defined in the Scheme) to be issued by the Transferee Company to the Amalgamated Company ('Slump Exchange').
  - 7.1.4. Grant of Special Incentive IBL Options (as defined in the Scheme) to specified BFIL Employees (as defined in the Scheme) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme and various other matters incidental, consequential or otherwise integrally connected therewith, including reorganization of the Share Capital by the Amalgamated Company, pursuant to Sections 230 to 232 and other relevant provisions of the Act, in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

## **8. Background and Rationale of the Scheme**

- 8.1. The amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.
- 8.2. The amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception in relation to the amalgamation.
- 8.3. The Company has a commercially established model in the microfinance segment. The amalgamation pursuant to the Scheme shall provide the Amalgamated Company access to the Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- 8.4. The amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Company's customer base to the Amalgamated Company's wide array of products and services.
- 8.5. The Amalgamated Company can, pursuant to the amalgamation, leverage the Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Company and the Amalgamated Company.



- 8.6. The Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for the future growth of the Amalgamated Company.
- 8.7. The Slump Exchange (as defined in the Scheme) of the Transferred Undertaking (as defined in the Scheme) pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, inter alia, prohibit a banking company from carrying on the business correspondent business directly.

**9. Relationship subsisting amongst the Company, Amalgamated Company and Transferee Company**

- 9.1. The Company is not related to the Amalgamated Company and the Transferee Company except the Company acting as Business Correspondent of the Amalgamated Company.
- 9.2. As on date the entire issued, subscribed & fully paid up capital of the Transferee Company is held by the Amalgamated Company and its nominees. The Transferee Company is a wholly owned subsidiary of the Amalgamated Company.
- 9.3. There is no common Director or Promoter between the Company and the Amalgamated Company. IFIL is a wholly-owned subsidiary of the Amalgamated Company. Mr. Romesh Sobti (MD & CEO of the Amalgamated Company), Mr. M.R. Rao (MD & CEO of Company), Mr. Suhail Chander, Mr. Sanjeev Anand and Mr. Sanjay Vijay Mallik (Employees of the Amalgamated Company) are Directors of the Transferee Company.

**10. Salient Features of the Scheme**

- 10.1 Appointed Date: The Appointed Date of the Scheme is the opening of business on January 1, 2018.
- 10.2 Amalgamation of the Company into the Amalgamated Company: The Scheme envisages that upon coming into effect of the Scheme on the "Effective Date" (being the last of the dates on which the conditions and matters referred to in Clause 72 of the Scheme occur or have been fulfilled or waived in terms of applicable law), the entire undertaking of the Company, including all its assets and liabilities, shall stand transferred to, and/or deemed to be transferred to, and vested in the Amalgamated Company from the Appointed Date.
- 10.3 Transfer of the Transferred Undertaking (as defined in the Scheme) to the Transferee Company: Immediately upon the amalgamation, the Transferred Undertaking shall be transferred from Amalgamated Company to the Transferee Company, as a going concern, by way of slump exchange with effect from the Appointed Date.
- 10.4 Share Exchange Ratio and Slump Exchange: Upon the coming into effect of the Scheme:
- 10.4.1. Equity shares of the Amalgamated Company shall be issued to the equity shareholders of the Company (as on the Record Date) in the ratio of 639:1000, i.e. 639 (Six Hundred and Thirty Nine) fully paid-up equity shares of the Amalgamated Company of face value of INR 10/- (Rupees Ten only) each shall be issued for every 1,000 (One Thousand) equity shares of the Company, each fully paid-up, as per the terms of the Scheme.
- 10.4.2. For the Slump Exchange of the Transferred Undertaking, the Transferee Company shall issue such number of its equity shares at their face value, credited as fully paid up, to the Amalgamated Company, which shall be equivalent to the value of the Transferred Undertaking as on the Appointed Date.

- 10.5 Employees: Upon the coming into effect of the Scheme, all employees of the Company shall become the employees of the Amalgamated Company / Transferee Company, subject to the provisions of the Scheme, without any break in their service and on the basis of continuity of service, and on terms and conditions no less favourable than those on which they are engaged by the Company. The manner in which the employees of the Company will be provided employee benefits by the Amalgamated Company / Transferee Company is set out elaborately in the Scheme.
- 10.6 Accounting treatment: Upon the Scheme becoming effective, the Amalgamated Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under Section 133 of the Act, as applicable. Further, the goodwill or any other intangible assets if any, acquired on the Appointed Date, shall be set-off against the securities premium arising out of the business combination on the Appointed Date.
- 10.7 Preferential issue of warrants to promoters of the Amalgamated Company: Upon the effectiveness of the Scheme and pursuant to the amalgamation, it is proposed that up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) Warrants, each convertible into 1 (one) equity share of the Amalgamated Company, shall be issued and allotted to the promoters of the Amalgamated Company, as part of the Scheme, on a preferential basis, such that upon exercise of all the Warrants, and in addition to the equity shares of Amalgamated Company already held by them, the shareholding of the promoters of the Amalgamated Company shall not exceed 15 % of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis. The "Relevant Date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) regulations, 2009 and SEBI Circular no. CFD/DIL 3/CIR/2017/26 dated March 23, 2017, and the price at which the Warrants shall be issued has been determined in accordance with the aforesaid regulations, and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.
- 10.8 Conditionalities: The effectiveness of the Scheme is conditional upon the receipt of certain statutory approvals, which inter alia include:
- 10.8.1. Receipt of the approval from the Competition Commission of India under the Competition Act, 2002.
- 10.8.2. BSE and NSE issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme, to the Amalgamated Company and the Company.
- 10.8.3. The Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Amalgamated Company, the Company and the Transferee Company, as required under the Companies Act, 2013, subject to any dispensation that may be granted by the NCLT.
- 10.8.4. Any other approval as may be required for the Scheme.

**Note: The features set out above being only the extract of the Scheme, the Creditors are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.**

## **11. Effect of the Scheme on various parties**

- 11.1. Under the Scheme, an arrangement is sought to be entered into amongst the Company, the Amalgamated Company and the Transferee Company (together as "Participating Companies") and their respective equity shareholders (promoter shareholders and non-promoter shareholders).

Upon the Effective Date (as defined in the Scheme) and as enumerated in Clause 27 of the Scheme, the Amalgamated Company shall issue and allot to all the shareholders of the Company 639 (Six Hundred and Thirty Nine) IBL Shares (as defined in the Scheme), credited as fully paid up, for every 1,000 (One Thousand) equity shares of the face value of INR 10/ (Rupees Ten Only) each fully paid-up held by such member in the Company.

Upon Part IV of the Scheme becoming effective and as enumerated in Clause 56 of the Scheme, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand and Five Hundred) such number of its equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value (as defined in the Scheme).

Under the Scheme, there is no arrangement with the unsecured creditors of the Amalgamated Company. No compromise is offered under the Scheme to any of the unsecured creditors of the Amalgamated Company. The liability of the unsecured creditors of the Amalgamated Company, under the Scheme, is neither being reduced nor being extinguished. The Amalgamated Company and the Transferee Company does not have any secured creditors.

- 11.2. The rights of the Company's secured creditors are impacted solely on account of the regulatory regime applicable to the Amalgamated Company and separate approvals, as required under the contractual documentation with each such secured creditor, are being sought.
- 11.3. The Scheme will not have any effect on the Amalgamated Company's debentures and as on date, the Company and Transferee Company have not issued any debentures and therefore, the effect of the Scheme on the debenture holders or debenture trustee does not arise.
- 11.4. As on date, the Participating Companies have no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.
- 11.5. Upon the coming into effect of this Scheme and as enumerated in Clause 17(i) of the Scheme, all BFIL Employees (as defined in the Scheme) shall become the employees of the Amalgamated Company, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Company and without any interruption of service as a result of the amalgamation.

Pursuant to completion of Part IV of the Scheme and as enumerated in Clause 51(i) of the Scheme, all BC Business Employees (as defined in the Scheme) shall become the employees of the Transferee Company, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged prior to the date of transfer and without any interruption of service as a result of the transfer of the Transferred Undertaking.

- 11.6. There is no effect of the Scheme on the director and the key managerial personnel of the respective Participating Companies except the appointment of Mr. M. R. Rao, the Managing Director & CEO of the Company as the Managing Director of the Transferee Company.
- 11.7. The directors of the respective Participating Companies, holding shares in the respective Participating Companies, do not have any other interest in the Scheme otherwise than that as shareholders in general. Further, none of the key managerial personnel, debenture trustee and relatives of the directors of the respective Participating Companies is concerned or interested, financial or otherwise in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the directors, key managerial personnel and debenture trustee of the respective Participating Companies has any material interest in the Scheme.
- 11.8. The shareholding of the present directors and key managerial personnel of the respective Participating Companies, either individually or jointly as a first holder or as a nominee, in the respective Participating Companies as on September 30, 2018 is as under:

**Company;**

S. No.	Name of Directors and KMP of the Company	No. of Equity Shares held in		
		Company	Amalgamated Company	Transferee Company
1.	Mr. P. H. Ravikumar	16,000	0	0
2.	Mr. Geoffrey Tanner Woolley	64,986	0	0
3.	Mr. M. R. Rao	296,666	0	0
4.	Mr. Ashish Damani	79,900	0	0
5.	Mr. Rajendra Lahu Patil	22,580	0	0

**Amalgamated Company:**

S. No.	Name of Directors and KMP of the Company	No. of Equity Shares held in		
		Company	Amalgamated Company	Transferee Company
1.	Mr. Romesh Sobti	0	6,30,000	1*
2.	Dr. Ram Mohan Tiruvallur Thattai	0	3,800	0
3.	Mrs. Kanchan Uday Chitale	0	1,000	0
4.	Mr. Haresh Kishinchand Gajwani	0	700	0
5.	Mr. Sharad Chandra Vithal Zaregaonkar	0	12,700	1*

\* held as nominee of the Applicant Company.

**Transferee Company:**

S. No.	Name of Directors and KMP of the Company	No. of Equity Shares held in		
		Company	Amalgamated Company	Transferee Company
1.	Mr. Romesh Sobti	0	6,30,000	1*
2.	Mr. M. R. Rao	296,666	0	0
3.	Mr. Suhail Chander	0	1,25,000	0
4.	Mr. Sanjeev Anand	588	1,80,140	0
5.	Mr. Sanjay Vijay Mallik	0	16,500	0

\*Shares are held as nominee shareholder of the Amalgamated Company.

**12. Fairness Opinion and Approvals:**

- 12.1. A joint valuation report dated October 13, 2017 has been prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells ("**Valuation Report**") recommending the Share Exchange Ratio to the Company and Amalgamated Company. A copy of the said report is enclosed herewith as **Annexure B** and is also available for inspection at the registered office of the Company.

**Summary of the Valuation Report**

Joint Valuation Report dated October 13, 2017 was issued by S.R. Batliboi & Co. LLP, Chartered Accountants (appointed by Company) and Deloitte Haskins and Sells, Chartered Accountants (appointed by the Amalgamated Company), supplemented by the letter dated October 13, 2017 issued by S.R. Batliboi & Co. LLP, Chartered Accountants, describing inter alia the computation of and the methodology adopted by them in arriving at the Share Exchange Ratio for the Amalgamation.

For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained in terms of the circular no. LIST/COMP/02/2017-18 dated May 29, 2017 issued by BSE Limited and circular no. NSE/CML/2017/12 dated June 1, 2017 issued by the National Stock Exchange of India Limited.



The valuers have considered the Earnings Capitalization Value Method (“ECV”), the Comparable Companies Quoted Multiples Method (“CCM”), Discounted Cash Flows Method (“DCF”), Net Asset Value Method (“NAV”) and the Market Price Method (“MPM”) for determining the relative value of the shares of the Amalgamated Company and BFIL in order to arrive at the Share Exchange Ratio for the Scheme.

However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that CCM and NAV Method are of limited relevance and have based their valuation on ECV, MPM and DCF methods, by assigning appropriate weightages.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the businesses based on the methodologies explained in the Valuation Report and various qualitative factors relevant to each business.

The recommendation of the Share Exchange Ratio has been approved by the Board of the Company, Audit Committee of the Company, Board of Directors of Amalgamated Company, Audit Committee of Amalgamated Company.

- 12.2. In terms of the SEBI Circular, Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker, vide its letter dated October 13, 2017, has submitted to the Board of Directors of the Company, a fairness opinion, certifying that the valuation provided in the Valuation Report is fair and reasonable. A copy of the said certificate is enclosed herewith as Annexure C.
- 12.3. A certificate has been issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 12.4. The Audit Committee of the Company has at its meeting held on October 13, 2017 reviewed and recommended the Scheme for consideration by the Board of Directors of the Company. The Board of Directors of the Company at its Board meeting held on October 14, 2017 have approved the Scheme, as detailed below:

<b>Name of Director</b>	<b>Voted in favor / against / did not participate or vote</b>
Mr. P.H. Ravikumar	Voted in Favour
Mr. M.R. Rao	Voted in Favour
Mr. Ashish Lakhapal	Voted in Favour
Mr. S Balachandran	Voted in Favour
Mr. Geoffrey Tanner Wooley	Voted in Favour
Mr. K. G. Alai- Nominee Director SIDBI (Director till July 26, 2018)	Voted in Favour
Dr. Punita Kumar Sinha	Voted in Favour
Mr. Rajender Mohan Malla	Voted in Favour
Dr. Tarun Khanna	Voted in Favour

- 12.5. The Audit Committee of the Amalgamated Company has at its meeting held on October 13, 2017 reviewed and recommended the Scheme for consideration by the Board of Directors of the Amalgamated Company. The Board of Directors of the Amalgamated Company at its Board meeting held on October 14, 2017 have approved the Scheme, as detailed below:

<b>Name of Director</b>	<b>Voted in favor / against / did not participate or vote</b>
Mr. Seshasayee Ramaswami	Voted in favour
Mrs. Kanchan Uday Chitale	Voted in favour
Mr. Vijay Vaid	Voted in favour
Mr. Ranbir Singh Butola	Voted in favour
Mr. T. Anantha Narayanan	Voted in favour
Mr. Yashodhan Madhusudan Kale	Voted in favour
Mr. Shanker Annaswamy	Voted in favour
Dr. Ram Mohan Tiruvallur Thattai	Voted in favour
Mr. Romesh Sobti	Voted in favour

- 12.6. The Board of Directors of the Transferee Company at its Board meeting held on August 14, 2018 have approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Romesh Sobti *	-
Mr. M.R. Rao	Voted in favour
Mr. Suhail Chander	Voted in favour
Mr. Sanjeev Anand	Voted in favour
Mr. Sanjay Mallik	Voted in favour

\*Leave of absence was granted to Mr. Romesh Sobti as he was unable to attend the said meeting

- 12.7. The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
- 12.8. Pursuant to the SEBI Circular read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), the Company had applied to BSE and NSE for their "no adverse observation" to file the Scheme for sanction of the Hon'ble Tribunal. BSE by its letter dated June 4, 2018 and NSE by its letter dated June 1, 2018, have respectively given their "no adverse observation" letters to the Company, to file the Scheme. Copy of the letter dated June 4, 2018 received from BSE and copy of the letter dated June 1, 2018 received from NSE are enclosed herewith as **Annexures D and E** respectively.
- 12.9. The Scheme along with related documents was hosted on the website of the Company, BSE and NSE and was open for complaints/ comments. A certified true copy of the complaints report dated May 8, 2018 as submitted to BSE and to NSE, as per the SEBI Circular, is enclosed herewith as **Annexure F**. As on the date, the Company has not received any complaints.
- 12.10. Copy of the audited financial statement of the Company as on September 30, 2018 and unaudited financial statement of the Amalgamated Company as on September 30, 2018 are enclosed herewith as **Annexures G and H** respectively. Since the Transferee Company was incorporated on August 6, 2018, the financial statement of the Transferee Company is not available.
- 12.11. In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the respective Participating Companies have adopted a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copies of the said reports are enclosed herewith as **Annexures I, J and K** respectively.
- 12.12. The Competition Commission of India ("**CCI**") has by its letter dated December 19, 2017 read with its order dated January 19, 2018 issued to the Company and the Amalgamated Company has approved the Scheme under Section 31 of the Competition Act, 2002. Copy of the said letter and order of the CCI are enclosed herewith as **Annexures L and M** respectively.
- 12.13. Information about the Transferee Company in the format specified for an abridged prospectus in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Certificate of Morgan Stanley India Company Private Limited, a SEBI registered Merchant Banker, certifying the accuracy and adequacy of such information, is enclosed as **Annexure N**.
- 12.14. In terms of the Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016, the voluntary amalgamation of the Company with the Amalgamated Company was approved by the RBI by way of its letter dated March 13, 2018. Subsequently, on June 8, 2018, in terms of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, the RBI approved the incorporation by the Amalgamated Company of a wholly owned subsidiary for the purposes of undertaking business correspondent business as part of the Amalgamated Company's amalgamation with the Company.

- 12.15. The respective Participating Companies will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Mumbai Bench, for sanctioning of the Scheme.
- 12.16. No investigation or proceedings have been instituted and/or are pending in relation to the respective Participating Companies under the provisions of the Companies Act, 2013.
- 12.17. A copy of the Scheme has been filed by the Company with the Registrar of Companies, Maharashtra.
- 12.18. No winding up petition is pending against any of the Participating Companies.
- 12.19. The Scheme does not involve any debt restructuring and therefore the requirement to disclose details of debt restructuring is not applicable.
- 12.20. Pursuant to SEBI Circular and the LODR Regulations, the detailed pre scheme and post scheme (expected) capital structure and shareholding pattern of the respective Participating Companies are given herein below.

The pre Scheme capital structure of the respective Participating Companies are provided under aforesaid Clauses. Upon the coming into effect of the Scheme, the Company shall stand dissolved without winding up.

**A. Post Scheme Capital Structure of the Amalgamated Company would be as under:**

Particulars	Amount in INR
<b>Authorized Capital</b>	
85,70,00,000 equity shares of INR 10 each	857,00,00,000
<b>Total</b>	<b>857,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
70,65,81,508 equity shares of INR 10 each*	706,58,15,080
<b>Total</b>	<b>706,58,15,080</b>

\*The aforesaid Issued, Subscribed and Paid-up Capital is without including the effect of Employee Stock Options, which may get converted into equity shares on its exercise.

**B. Post Scheme Capital Structure of the Transferee Company would be as under:**

Particulars	Amount in INR
<b>Authorized Capital</b>	
6,00,00,000 equity shares of INR 10 each	60,00,00,000
<b>Total</b>	<b>60,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
4,37,03,507 equity shares of INR 10 each	43,70,35,070
<b>Total</b>	<b>43,70,35,070</b>

**C. Pre Scheme Shareholding Pattern of the Company as on September 30, 2018:**

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
<b>(1)</b>	<b>Indian</b>		
(a)	Individuals/ Hindu Undivided Family	-	-
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	-	-
(d)	Financial Institutions/ Banks	-	-
(e)	Any Other (specify)	-	-
	<b>Sub-Total (A)(1)</b>	-	-
<b>(2)</b>	<b>Foreign</b>		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
(b)	Bodies Corporate	-	-
	<b>Name of Promoters:</b>		
	KISMET MICROFINANCE	22,13,813	1.58
(c)	Institutions	-	-
(e)	Any Other (specify)	-	-
	<b>Sub-Total (A)(2)</b>	<b>22,13,813</b>	<b>1.58</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>22,13,813</b>	<b>1.58</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>(1)</b>	<b>Institutions</b>		
(a)	Mutual Funds/UTI	3,95,09,200	28.20
(b)	Venture Capital Funds	-	-
(c)	Alternate Investment Funds	4,89,762	0.35
(d)	Foreign Venture Capital Investors	-	-
(e)	Foreign Portfolio Investors/ Foreign Institutional Investors	7,51,90,064	53.67
(f)	Financial Institutions/Banks	6,29,962	0.45
(g)	Insurance Companies	25,16,232	1.80
(h)	Provident Fund/Pension Fund	-	-
(i)	Any other	-	-
	i) Foreign Banks	-	-
	ii) UTI	-	-
	<b>Sub-Total (B)(1)</b>	<b>11,83,35,220</b>	<b>84.47</b>
<b>(2)</b>	<b>Central Government/ State Government(s)/ President of India</b>		
	Sub Total (B)(2)	0.00	0.00
<b>3</b>	<b>Non-Institutions</b>		
(a)	Individuals		
i.	Individual shareholders holding nominal share capital up to Rs. 2 lakh	51,80,883	3.70
ii.	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	63,83,347	4.56
(b)	NBFCs Registered with RBI	5,567	0.00
(c)	Employee Trusts	-	-
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-
(e)	Any Other		
	Trusts	2,44,597	0.17
	Hindu Undivided Family	1,85,489	0.13
	Non Resident Indians (Non Repat)	14,31,758	1.02
	Non Resident Indians (Repat)	4,90,437	0.35
	Clearing Member	6,73,308	0.48
	Directors and their relatives	3,77,652	0.27
	Oversees Bodies Corporates	1866150	1.33
	Foreign Nationals	400	0.00
	Bodies Corporate	26,79,728	1.91
	Foreign Company	-	-
	Investor Education And Protection Fund	-	-
	<b>Sub-Total (B)(3)</b>	<b>1,95,19,316</b>	<b>13.93</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)+ (B)(3)</b>	<b>13,78,54,536</b>	<b>98.41</b>
	<b>TOTAL (A)+(B)</b>	<b>14,00,68,349</b>	<b>99.99</b>
(C)	Shares held by Custodian and against which DRs have been issued	-	-
	Shares held by Employees Trusts	1,661	0.01
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>14,00,85,010</b>	<b>100.00</b>



**D. Pre and Post Scheme Shareholding Pattern of the Amalgamated Company as on September 30, 2018:**

Category Code	Category of Shareholder	Total No. of Shares		As a percentage of total capital	
		Pre Scheme	Post Scheme	Pre Scheme	Post Scheme
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>(1)</b>	<b>Indian</b>	-	-	-	-
(a)	Individuals/ Hindu Undivided Family	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Financial Institutions/Banks	-	-	-	-
(d)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (A)(1)</b>	-	-	-	-
<b>(2)</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-
(e)	Any Other (specify)	-	-	-	-
	<b>Bodies Corporate</b>	8,98,27,767	14.94	10,55,98,752	14.95
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>8,98,27,767</b>	<b>14.94</b>	<b>10,55,98,752</b>	<b>14.95</b>
<b>(B)</b>	<b>Public Shareholding</b>				
<b>(1)</b>	<b>Institutions</b>	-	-	-	-
(a)	Mutual Funds	5,06,70,876	8.43	7,59,17,255	10.74
(b)	Venture Capital Funds	-	-	-	-
(c)	Alternate Investment Funds	13,36,813	0.22	16,49,771	0.23
(d)	Foreign Venture Capital Investors	-	-	-	-
(e)	Foreign Portfolio Investors/ Foreign Institutional Investors	28,00,90,652	46.58	32,81,37,103	46.44
(f)	Financial Institutions/Banks	8,06,530	0.13	12,09,076	0.17
(g)	Insurance Companies	20,00,046	0.33	36,07,918	0.51
(h)	Provident Funds/ Pension Funds	-	-	-	-
(i)	Any Other				
	i) Foreign Banks	42	0.00	42	0.00
	ii) UTI	800	0.00	800	0.00
	<b>Sub Total (B)(1)</b>	<b>33,49,05,759</b>	<b>55.70</b>	<b>41,05,21,965</b>	<b>58.10</b>
(2)	Central Government/ State Government(s)/ President of India	50	0.00	50	0.00
	<b>Sub Total (B)(2)</b>	<b>50</b>	<b>0.00</b>	<b>50</b>	<b>0.00</b>
<b>(3)</b>	<b>Non-Institutions</b>				
(a)	<b>Individuals</b>				
	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	2,95,94,046	4.92	3,29,04,630	4.66
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	70,96,389	1.18	1,14,16,667	1.62
(b)	NBFCs registered with RBI	9,88,914	0.16	9,92,471	0.14
(c)	Employee Trusts	-	-	-	-
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-
(e)	<b>Any Other</b>				
	i) TRUST	54,78,505	0.91	56,34,802	0.80
	ii) Hindu Undivided Family	6,53,114	0.11	7,71,641	0.11
	iii) Non Resident Indians (Non Repat)	18,85,361	0.31	28,00,254	0.40
	iv) NON RESIDENT INDIANS (Repat)	34,74,897	0.58	37,88,286	0.54
	v) Clearing Member	33,18,495	0.55	37,48,739	0.53

Category Code	Category of Shareholder	Total No. of Shares		As a percentage of total capital	
		Pre Scheme		Post Scheme	
	vi) Directors & their Relative	6,04,950	0.10	6,04,950	0.09
	vii) Overseas Bodies Corporates	9,25,000	0.15	21,17,470	0.30
	viii) Foreign Nationals	80	0.00	336	0.00
	ix) Bodies Corporate	5,67,01,333	9.43	5,84,13,679	8.27
	x) Foreign Company			14,14,627	0.20
	x) Investor Education And Protection Fund	11,60,028	0.19	11,60,028	0.16
	Sub-Total (B)(3)	11,18,81,112	18.61	12,57,68,581	17.80
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2) +(B)(3)</b>	<b>44,67,86,921</b>	<b>74.30</b>	<b>53,62,90,596</b>	<b>75.90</b>
(C)	Shares held by Custodian and against which DRs have been issued-(C)	-	-	-	-
	Non Promoter-Non Public - (D)	6,46,81,514	10.76	6,46,81,514	9.15
	Shares held by Employees Trusts - (E)	-	-	10,646	0.00
	<b>GRAND TOTAL (A)+(B)+(C)+(D)+(E)</b>	<b>60,12,96,202</b>	<b>100.00</b>	<b>70,65,81,508</b>	<b>100.00</b>

E. Pre and Post Scheme Shareholding Pattern of the Transferee Company.

Sr. No.	Particular	Prior to the Scheme		Post to the Scheme	
		No. of Shares	% holding of share capital	No. of Shares	% holding of share capital
1.	Promoter*	7	100.00	4,37,03,507	100.00
2.	Public	-	-	-	-
	<b>Total</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>100.00</b>

\* Includes shares held by 6 individuals as nominees of the Promoter

13. A copy of each of the following documents shall be available for obtaining extract from or for making or obtaining copies of or for inspection by the secured creditors of the Company at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, between 10:00 a.m. (IST) and 12:00 noon IST on all working days (except Saturdays, Sundays and public holidays) upto the date of the Meeting:
- 13.1. Order of the National Company Law Tribunal, Mumbai Bench dated October 31, 2018 passed in Company Scheme Application No. 922 of 2018 directing the Company to, inter alia, convene the meeting of its secured creditors.
  - 13.2. Memorandum of Association and Articles of Association of the respective Participating Companies.
  - 13.3. Audited financial statement of the Company and the Amalgamated Company for the financial year ended March 31, 2018.
  - 13.4. Valuation report dated October 13, 2017 has been prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells recommending the Share Exchange Ratio to the Company and Amalgamated Company.
  - 13.5. Fairness opinion dated October 13, 2017 by Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker, certifying that the valuation provided in the Valuation Report is fair and reasonable.
  - 13.6. Fairness opinion dated October 13, 2017 by Morgan Stanley India Company Private Limited, a Category-I Merchant Banker, certifying that the valuation provided in the Valuation Report is fair and reasonable.
  - 13.7. Scheme.
  - 13.8. Observation letter dated June 4, 2018 issued by BSE and observation letter dated June 1, 2018 issued by NSE, to the Company.

- 13.9. Observation letter dated June 4, 2018 issued by BSE and observation letter dated June 4, 2018 issued by NSE, to the Amalgamated Company.
- 13.10. Complaints report dated May 8, 2018 as submitted to BSE and NSE by the Company.
- 13.11. Audited financial statement of the Company as on September 30, 2018 and unaudited financial statement of the Amalgamated Company as on September 30, 2018.
- 13.12. Resolution passed by the Board of Directors of the respective Participating Companies approving the Scheme.
- 13.13. Reports adopted by the Board of Directors of the respective Participating Companies as required under Section 232(2)(c) of the Companies Act, 2013.
- 13.14. Letter dated December 19, 2017 issued by Competition Commission of India (CCI).
- 13.15. Order dated January 19, 2018 of CCI.
- 13.16. Certificate issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 13.17 Abridged Prospectus and certificate from the merchant banker.
14. This statement may be treated as an Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

**Sd/-**  
**Abeezar E. Faizullahoy**  
Chairperson Appointed for the Meeting

Date: November 2, 2018  
Place: Mumbai

## COMPOSITE SCHEME OF ARRANGEMENT

Under Sections 230 to 232 of the Companies Act, 2013

## AMONG

BHARAT FINANCIAL INCLUSION LIMITED	...	AMALGAMATING COMPANY
INDUSIND BANK LIMITED	...	AMALGAMATED COMPANY
INDUSIND FINANCIAL INCLUSION LIMITED	...	TRANSFEREE COMPANY

## AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

## PART I - GENERAL

A. *Description of Parties*

1. Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) is public company, limited by shares, incorporated under the 1956 Act (as defined hereunder), under corporate identification number L65999MH2003PLC250504 and having its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (hereinafter referred to as "**BFIL**" or the "**Amalgamating Company**"). BFIL is registered with the RBI (as defined hereunder) as a non-deposit taking non-banking financial company – micro finance institution. The equity shares of BFIL are listed on the BSE Limited and the National Stock Exchange of India Limited (together the "**Stock Exchanges**"). BFIL is engaged primarily in the businesses of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income-generating activities and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans as a business correspondent for IBL (as defined hereunder) as well as provision of other products and services;
2. IndusInd Bank Limited is a public company, limited by shares, incorporated under the 1956 Act, under corporate identification number L65191PN1994PLC076333 and having its registered office at 2401, General Thimmayya Road, East Street, Pune – 411 001 (hereinafter referred to as "**IBL**" or the "**Amalgamated Company**") and is licensed as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of the Amalgamated Company are listed on the Stock Exchanges and its global depository receipts are listed on the Luxembourg Stock Exchange. IBL is primarily engaged in the business of providing banking services in India. IBL is engaged in the business of, *inter alia*, banking and financial services including retail, commercial, corporate and investment banking and wealth management services catering to both consumer and corporate customers.
3. IndusInd Financial Inclusion Limited is a company incorporated under the Act (as defined hereunder), under corporate identification number U65999MH2018PLC312539 and having its registered office at One Indiabulls Centre, Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai, Maharashtra – 400013 (the "**Transferee Company**"). The Transferee Company is a wholly owned subsidiary of IBL. The main objects of the Transferee Company include, *inter alia*, to carry on the business of business correspondent/ business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.



## B. **Description of the Scheme**

4. BFIL and IBL have entered into an Implementation Agreement dated October 14, 2017, (the "**Implementation Agreement**"), pursuant to which the parties thereto have agreed, *inter alia*, to the amalgamation of BFIL into IBL in accordance with the RBI Amalgamation Directions (defined hereunder) and the Act, the issuance and allotment of the Warrants (as defined hereunder) to the IBL Promoters (as defined hereunder), and the subsequent transfer of the Transferred Undertaking (as defined hereunder) from the Amalgamated Company to, and vesting thereof in the Transferee Company, as a 'going concern' on a slump sale basis, by way of a composite scheme of arrangement under Sections 230 to 232 of the Act.
5. In furtherance of the Implementation Agreement and the understanding between the parties thereto, this Scheme (as defined hereunder) provides, *inter alia*, for:
  - (i) the amalgamation of the Amalgamating Company with the Amalgamated Company, by way of merger by absorption and dissolution of the Amalgamating Company without winding up and the consequent issuance of IBL Shares (as defined hereunder) by the Amalgamated Company to the shareholders of the Amalgamating Company in accordance with the Share Exchange Ratio (as defined hereunder) ("**Amalgamation**");
  - (ii) the Preferential Allotment (as defined hereunder) by the Amalgamated Company of the Warrants to the IBL Promoters;
  - (iii) pursuant to the Amalgamation, the transfer of the Transferred Undertaking, as a going concern, on a slump sale basis, from the Amalgamated Company to the Transferee Company in exchange for the Slump Exchange Shares (as defined hereunder) to be issued by the Transferee Company to the Amalgamated Company ("**Slump Exchange**");
  - (iv) the grant of Special Incentive IBL Options (as defined hereunder) to specified BFIL Employees (as defined hereunder) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme; and
  - (v) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Amalgamated Company.pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act (as defined hereunder). The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.
6. The Amalgamation of the Amalgamating Company into the Amalgamated Company shall be in full compliance with the provisions of Section 2(1B) of the IT Act such that:
  - (i) all the properties of the Amalgamating Company, immediately before the Amalgamation, shall become the properties of the Amalgamated Company, by virtue of the Amalgamation;
  - (ii) all the liabilities of the Amalgamating Company, immediately before the Amalgamation, shall become the liabilities of the Amalgamated Company, by virtue of the Amalgamation; and
  - (iii) all shareholders holding shares in the Amalgamating Company, will become shareholders of the Amalgamated Company by virtue of the Amalgamation.
7. The Transferred Undertaking constitutes an 'undertaking' as defined under Section 2(19AA) of the IT Act.

## C. **Rationale for the Scheme**

8. The Amalgamation and the Slump Exchange pursuant to this Scheme would, *inter alia*, have the following benefits:
  - (i) the Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would

benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;

- (ii) the Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception in relation to the Amalgamation;
- (iii) the Amalgamating Company has a commercially established model in the microfinance segment. The Amalgamation pursuant to the Scheme shall provide the Amalgamated Company access to the Amalgamating Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India;
- (iv) the Amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Amalgamating Company's customer base to the Amalgamated Company's wide array of products and services;
- (v) the Amalgamated Company can, pursuant to the Amalgamation, leverage the Amalgamating Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Amalgamating Company and the Amalgamated Company;
- (vi) the Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for the future growth of the Amalgamated Company; and
- (vii) the Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

9. This Scheme is divided into the following parts:

- (i) Part I, which deals with the introduction and definitions, and sets out the share capital of the Amalgamating Company, Amalgamated Company and the Transferee Company;
- (ii) Part II, which deals with the Amalgamation;
- (iii) Part III, which deals with the Preferential Allotment;
- (iv) Part IV, which deals with the Slump Exchange;
- (v) Part V, which deals with the grant of the Special Incentive IBL Options; and
- (vi) Part VI, which deals with the general terms and conditions applicable to the Scheme.

## 10. Definitions

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- (A) "1956 Act" means the Companies Act, 1956, as amended from time to time;

- (B) **“Act”** means the Companies Act, 2013 and the rules framed there under, to the extent notified, or any modifications or re-enactments or amendments thereof from time to time;
- (C) **“Amalgamated Company”** means have the meaning ascribed to it in Clause 2 of this Scheme;
- (D) **“Amalgamated Company Options”** shall have the meaning ascribed to it in Clause 18(iii) below;
- (E) **“Amalgamating Company”** shall have the meaning ascribed to it in Clause 1 above;
- (F) **“Amalgamating Undertaking”** means all the undertakings and entire business of the Amalgamating Company (including the BC Business), as a going concern, and shall include (without limitation):
- (i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the Amalgamating Company, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables and security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities;
  - (ii) all permits, registrations, rights, entitlements, licenses, permissions, approvals, subsidies, authorities, consents, deposits, privileges, exemptions including tax exemptions available to the Amalgamating Company, including payments of direct tax or indirect tax, advance tax paid by or any tax deducted in respect of any income received, any tax advances, any MAT credit entitlement, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits;
  - (iii) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamating Company or powers or authorities granted by or to it) of whatsoever nature along with any contractual rights and obligations, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;

- (iv) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized for the business and activities of the Amalgamating Company;
  - (v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form belonging to or held by the Amalgamating Company;
  - (vi) all present, and contingent future liabilities of the Amalgamating Company including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrued and all other duties, liabilities, undertakings and obligations (including any postdated cheques or guarantees, letters of credit, letters of comfort or other instruments which may give rise to a contingent liability in whatever form); and
  - (vii) the BFIL Employees and the Employee Benefit Funds of the Amalgamating Company.
- (G) **“Amalgamation”** shall have the meaning ascribed to it in Clause 5(i) above;
- (H) **“Appointed Date”** shall mean the opening of business on January 01, 2018;
- (I) **“Approved BFIL ESOP Pool”** shall mean a pool of stock options of BFIL, that BFIL is entitled to grant under and in accordance with the BFIL ESOP Plans and the SEBI SBEB Regulations at any time during the period from the Exclusivity Agreement Date upto the Effective Date, which shall comprise of:
- (i) 35, 14, 276 (thirty five lakhs fourteen thousand two hundred and seventy six) stock options; and
  - (ii) Such further number of stock options, which become available for grant, pursuant to the termination, forfeiture or lapse of the stock options previously granted, in accordance with the applicable BFIL ESOP Plans and the SEBI SBEB Regulations.
- (J) **“BC Business”** means the non-financial, non-lending activities carried on by BFIL which comprise origination, servicing and collection of loans as a business correspondent for IBL as well as provision of certain other products and services;
- (K) **“BC Business Employees”** shall mean all BFIL Employees;
- (L) **“BFIL Employees”** shall mean all the employees of BFIL as on the Effective Date;
- (M) **“BFIL ESOP Plans”** shall mean, collectively, ESOP 1, ESOP 2, ESOP 3, and ESOP 4;
- (N) **“BFIL Options”** shall mean the stock options held by BFIL Employees under the BFIL ESOP Plans;
- (O) **“Board”** in relation to any company, means the board of directors of such company and shall include a duly authorised committee of the Board;
- (P) **“CCI”** means the Competition Commission of India, as established under the Competition Act, 2002;
- (Q) **“Effective Date”** means the last of the dates on which the conditions and matters referred to in Clause 72 hereof occur or have been fulfilled or waived;

References in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;



- (R) **"Eligible Employees"** shall mean the BFIL Employees holding any BFIL Options on the Effective Date;
- (S) **"Employee Benefit Funds"** shall mean existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created for employees;
- (T) **"Encumbrance"** or **"Encumber"** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iii) any adverse claim as to title, possession or use;
- (U) **ESOP 1"** shall mean the BFIL Employee Stock Option Plan 2008, as approved by the Board and shareholders of the Amalgamating Company;
- (V) **ESOP 2"** shall mean the BFIL Employees Stock Option Plan 2009, as approved by the Board and shareholders of the Amalgamating Company;
- (W) **ESOP 3"** shall mean the BFIL Employee Stock Option Plan 2010, as approved by the Board and shareholders of the Amalgamating Company;
- (X) **ESOP 4"** shall mean the BFIL Employee Stock Option Plan 2011, as approved by Board and shareholders of the Amalgamating Company;
- (Y) **"Exclusivity Agreement Date"** shall mean September 11, 2017 i.e. the date of execution of the confidentiality, exclusivity and standstill agreement between IBL and BFIL.
- (Z) **"Existing IBL ESOP Scheme"** shall mean the IBL Employees Stock Option Scheme 2007, as approved by the Board and shareholders of the IBL;
- (AA) **"Implementation Agreement"** shall have the meaning ascribed to it in Clause 4 above;
- (BB) **"Implementation Agreement Execution Date"** shall mean October 14, 2017;
- (CC) **"IBL"** shall have the meaning ascribed to it in Clause 2 above;
- (DD) **"IBL Promoters"** shall mean IIHL and IL;
- (EE) **"IBL Shares"** means fully paid up equity shares of IBL, each having a face value of INR 10 (Rupees Ten only) and one vote per equity share;
- (FF) **"IIHL"** means IndusInd International Holdings Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;
- (GG) **"IL"** means IndusInd Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;
- (HH) **"IT Act"** shall mean the Income Tax Act, 1961 or any modifications or re-enactments or amendments thereof from time to time;
- (II) **"NCLT"** shall mean the bench of the National Company Law Tribunal at Mumbai, Maharashtra and shall include, if applicable, such other forum or authority as may be vested with the powers of a National Company Law Tribunal under the Act;
- (JJ) **"New IBL ESOP Scheme"** shall have the meaning ascribed to it in Clause 18(iii) below;
- (KK) **"Preferential Allotment"** shall have the meaning ascribed to it in Clause 42 hereof;
- (LL) **"RBI"** means the Reserve Bank of India;

- (MM) **"RBI Amalgamation Directions"** means the RBI (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 or any modifications or re-enactments or amendments thereof from time to time;
- (NN) **"Record Date"** shall mean the date fixed by the respective Board of the Amalgamating Company and Amalgamated Company for the purpose of determining the shareholders of the Amalgamating Company to whom equity shares of the Amalgamated Company shall be allotted pursuant to the Amalgamation under this Scheme;
- (OO) **"Regulatory Authority"** means any applicable regulatory, competition or supervisory body or, banking authority, quasi- regulatory agency or body, tax authorities or tribunal, including but not limited to the CCI, the RBI, the Stock Exchanges and the SEBI along with the authorities before which appeals against the decisions made by any of the foregoing may be brought;
- (PP) **"Remaining Business"** means all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Amalgamated Company, other than the Transferred Undertaking.
- (QQ) **"Schedules"** shall mean schedules to this Scheme;
- (RR) **"Scheme"** means this composite scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;
- (SS) **"SEBI"** means the Securities and Exchange Board of India;
- (TT) **"SEBI ICDR Regulations"** means the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;
- (UU) **"SEBI Listing Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;
- (VV) **"SEBI Preferential Allotment Circular"** means the SEBI Circular dated March 23, 2017, bearing reference number CFD/DIL3/CIR/2017/26, as amended or replaced from time to time;
- (WW) **"SEBI SBEB Regulations"** shall mean the SEBI (Share Based Employee Benefits) Regulations, 2014 read with the SEBI Circular dated June 16, 2015 bearing reference number CIR/CFD/POLICY CELL/2/2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations/circular;
- (XX) **"SEBI Scheme Circular"** means the SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended or replaced from time to time;
- (YY) **"Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 27 hereof;
- (ZZ) **"Slump Exchange"** shall have the meaning ascribed to it in Clause 5(iii) above
- (AAA) **"Slump Exchange Shares"** shall have the mean ascribed to it in Clause 56 of this Scheme, and the term "Slump Exchange Share" shall be construed accordingly;
- (BBB) **"Special Incentive Eligible Employees"** shall have the meaning ascribed to it in Clause 68(i) hereof;
- (CCC) **"Special Incentive IBL Option Grant Date"** shall have the meaning ascribed to it in Clause 68(iii) hereof;

- (DDD) **"Special Incentive IBL Options"** shall have the meaning ascribed to it in Clause 68(i) hereof;
- (EEE) **"Special Incentive IBL Options – Tranche 1"** shall have the meaning ascribed to it in Clause 68(iv) hereof;
- (FFF) **"Special Incentive IBL Options – Tranche 2"** shall have the meaning ascribed to it in Clause 68(iv) hereof;
- (GGG) **"Statutory Vesting Period"** shall, in relation to the stock options granted by any listed company, mean a period of 1 (one) year from the date of grant of such stock options;
- (HHH) **"Stock Exchanges"** shall have the meaning ascribed to it in Clause 1 above;
- (III) **"TCS"** shall have the meaning ascribed to it in Clause 61 below;
- (JJJ) **"TDS"** shall have the meaning ascribed to it in Clause 61 below;
- (KKK) **"Transferee Company"** shall have the meaning ascribed to it in Clause 3 above;
- (LLL) **"Transferred Undertaking"** shall mean the undertaking of the Amalgamated Company in relation to the BC Business pursuant to the Amalgamation and includes (without limitation), *inter alia*:
- (i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the BC Business, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables, security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches and centers), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities in connection with or relating to the BC Business;
  - (ii) all permits, registrations, rights, entitlements, licenses, claims, permissions, approvals, authorities, consents, deposits, privileges, exemptions including tax exemptions, any tax deducted in respect of any income received, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits in connection with or relating to the BC Business;
  - (iii) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized by BFIL;

- (iv) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamated Company or powers or authorities granted by or to it) of whatsoever nature along with the contractual rights and obligations exclusively relating to the BC Business, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;
  - (v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the BC Business;
  - (vi) all present, contingent and future liabilities appertaining or relating to the BC Business including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrues and all other duties, liabilities, undertakings and obligations (including any post-dated cheques or guarantees or other instruments which may give rise to a contingent liability in whatever form) relating to the BC Business; and
  - (vii) the BFIL Employees and the Employee Benefit Funds in relation thereto;
- (MMM) **“Transferred Undertaking Value”** shall have the meaning ascribed to it in Clause 56 hereof;
- (NNN) **“Trustee”** shall have the meaning ascribed to it in Clause 28 hereof;
- (OOO) **“Unallocated BFIL Options”** shall mean such stock options of BFIL forming part of the Approved BFIL ESOP Pool that have not been granted to the eligible BFIL Employees on the Effective Date;
- (PPP) **“Warrant Price”** shall have the meaning ascribed to it in Clause 42 hereof;
- (QQQ) **“Warrant Subscription Price”** shall have the meaning ascribed to it in Clause 43 hereof;
- (RRR) **“Warrants”** shall have the meaning ascribed to it in Clause 42 hereof;

## 11. Share Capital

- (i) The share capital structure of the Amalgamating Company as on October 14, 2017 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
15,70,00,000 equity shares of INR 10/- each	INR 157,00,00,000/- (Rupees One Hundred and Fifty Seven Crores Only)
13,00,00,000 preference shares of INR 10/- each	INR 130,00,00,000/- (Rupees One Hundred and Thirty Crores Only)
<b>Issued</b>	
13,84,91,979 equity shares of INR 10/- each	INR 138,49,19,790/- (Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)
<b>Subscribed and Paid-up</b>	
13,84,91,979 equity shares of INR 10/- each	INR 138,49,19,790/- (Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)



The equity shares of the Amalgamating Company are listed on Stock Exchanges.

The Amalgamating Company has outstanding employee stock options under the BFIL ESOP Plans, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamating Company.

- (ii) The share capital structure of the Amalgamated Company as on October 14, 2017 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
70,00,00,000 equity shares of INR 10/- each	INR 700,00,00,000/- (Rupees Seven Hundred Crores Only)
<b>Issued</b>	
59,89,72,493 equity shares of INR 10/- each	INR 598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs Twenty Four Thousand Nine Hundred and Thirty Only)
<b>Subscribed and Paid-up</b>	
59,89,72,493 equity shares of INR 10/- each.	INR 598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs Twenty Four Thousand Nine Hundred and Thirty Only)

The equity shares of the Amalgamated Company are listed on Stock Exchanges. The issued and paid-up share capital includes 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) equity shares represented by 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) global depository receipts as on October 14, 2017. The global depository receipts are listed on the Luxembourg Stock Exchange.

The Amalgamated Company has outstanding employee stock options under Existing IBL ESOP Scheme, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamated Company.

- (iii) The share capital structure of the Transferee Company as on August 6, 2018 was as follows:

Particulars	Amount in Crores (in INR)
<b>Authorised</b>	
5,00,00,000 equity shares of INR 10/- each	INR 50,00,00,000/- (Rupees Fifty Crore Only)
<b>Issued</b>	
7 equity shares of INR 10/- each	INR 70/- (Rupees Seventy Only)
<b>Subscribed and Paid-up</b>	
7 equity shares of INR 10/- each.	INR 70/- (Rupees Seventy Only)

The equity shares of the Transferee Company are not listed on any stock exchange in India.

## PART II

### AMALGAMATION OF THE AMALGAMATING COMPANY INTO THE AMALGAMATED COMPANY

#### SECTION 1 - TRANSFER AND VESTING OF THE AMALGAMATING UNDERTAKING

##### 12. *Transfer*

Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Amalgamating Undertaking shall, pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in the

Amalgamated Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Amalgamated Company by virtue of and in the manner provided in the Scheme.

13. *Transfer of Assets*

- (i) Without prejudice to the generality of Clause 12 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances of the Amalgamating Undertaking, of whatsoever nature and wherever situate, whether or not included in the books of the Amalgamating Company shall, subject to the provisions of this Clause 13 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and without any further act, deed, matter or thing, be and stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest authorities of the Amalgamated Company, subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.
- (ii) In respect of such of the assets of the Amalgamating Company as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same may be so transferred by the Amalgamating Company, and shall become the property of the Amalgamated Company with effect from the Appointed Date pursuant to the provisions of Section 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.
- (iii) In respect of such of the assets belonging to the Amalgamating Company other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- (iv) All assets, rights, titles or interests acquired by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

14. *Contracts, Deeds, Licenses etc.*

- (i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or for the obligations of which the Amalgamating Company may be liable, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Undertaking occurs by virtue of this Scheme itself, the Amalgamated Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the

Amalgamating Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Company to be carried out or performed.

- (iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and subject to applicable law, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Amalgamated Company. The Amalgamated Company shall make applications to any Regulatory Authority as may be necessary in this behalf.
- (iv) Without prejudice to the provisions of Clauses 13 to 16, upon effectiveness of the Scheme and with effect from the Appointed Date, all transactions between the Amalgamating Company and the Amalgamated Company, that have not been completed, shall stand cancelled.

15. *Transfer of Liabilities*

- (i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations of the Amalgamating Company, whether or not recorded in its books and records shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to be transferred to and vested in the Amalgamated Company to the extent that they are outstanding on the Effective Date so as to become as and from the Appointed Date (or in case of any liability incurred on a date after the Appointed Date, with effect from such date) the debts, liabilities, loans, obligations and duties of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company and the Amalgamated Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts or liabilities have arisen in order to give effect to the provisions of this Clause.
- (ii) Where any of the loans raised and used, debts, liabilities, duties and obligations of the Amalgamating Company as on the Appointed Date deemed to be transferred to the Amalgamated Company have been discharged by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Amalgamated Company.
- (iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created by the Amalgamating Company from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Amalgamated Company, and shall, to the extent they are outstanding on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Amalgamated Company and shall become the loans, debts, liabilities, duties and obligations of the Amalgamated Company.
- (iv) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a liability including a contingent liability in whatever form), if any, due on the Effective

Date between the Amalgamating Company and the Amalgamated Company shall automatically stand discharged and come to an end and there shall be no liability in that behalf on either the Amalgamating Company and the Amalgamated Company and the appropriate effect shall be given in the books of account and records of the Amalgamated Company.

- (v) All Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company which are being transferred to the Amalgamated Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval which may be required by a lender or trustee or third party shall not affect the operation of the above.
- (vi) The existing Encumbrances over the other assets and properties of the Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Amalgamating Company transferred to and vested in the Amalgamated Company by virtue of the Scheme.
- (vii) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- (viii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Amalgamated Company as part of the Scheme is modified by virtue of this Scheme.
- (ix) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

16. *Legal, taxation and other proceedings*

- (i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamating Company, under any statute, pending on the Effective Date, shall be continued and enforced by or against the Amalgamated Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against, as the case may be, the Amalgamated Company.
- (ii) The Amalgamated Company shall have all legal, taxation or other proceedings initiated by or against the Amalgamating Company referred to in Clause 16(i) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Amalgamated Company.

17. *Employees*

- (i) Upon the coming into effect of this Scheme, all BFIL Employees shall become the employees of the Amalgamated Company, subject to the provisions hereof without any break in their service and on the basis of continuity of service and, on terms and



conditions no less favourable than those on which they are engaged by the Amalgamating Company and without any interruption of service as a result of the Amalgamation. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BFIL Employees with the Amalgamating Company shall also be taken into account, and paid (as and when payable) by the Amalgamated Company.

- (ii) In so far as the Employee Benefit Funds created by the Amalgamating Company or in respect of which the Amalgamating Company makes contributions, for the BFIL Employees, all amounts standing to the credit of the BFIL Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds shall be transferred to such Employee Benefit Funds nominated by the Amalgamated Company and/or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Amalgamated Company, or to the government provident fund in case of BFIL Employees who are not eligible to become members of the provident fund maintained by the Amalgamated Company.
- (iii) In relation to those BFIL Employees who are not covered under the provident fund trust of the Amalgamating Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamating Company is making contributions to the government provident fund, the Amalgamated Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such provident fund trust shall become those of the Amalgamated Company.
- (iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BFIL Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamating Company. It is clarified that upon transfer of the aforesaid funds to the respective funds of the Amalgamated Company, the existing trusts created for such funds by the Amalgamating Company shall stand dissolved.

Notwithstanding the aforesaid, the Board of the Amalgamated Company, if it deems fit and subject to applicable law, shall be entitled to:

- (a) retain separate trusts or funds within the Amalgamated Company for the erstwhile fund(s) of the Amalgamating Company; or
- (b) merge the pre-existing funds of the Amalgamating Company with other similar funds of the Amalgamated Company.

18. *Treatment of existing BFIL Options*

- (i) The Eligible Employees holding BFIL Options which have vested as of the Implementation Agreement Execution Date shall be entitled to exercise such BFIL Options as per the terms of grant under the BFIL ESOP Plans until the Effective Date. To the extent such Eligible Employees have not exercised their vested BFIL Options until the Effective Date, the Amalgamated Company shall issue equivalent stock options to such Eligible Employees on the Effective Date on the basis of the Share Exchange Ratio.
- (ii) Upon the effectiveness of the Scheme, the Amalgamated Company shall grant to the Eligible Employees, on the basis of the Share Exchange Ratio, 639 (Six Hundred and Thirty Nine) stock options of the Amalgamated Company in lieu of every 1,000 (One Thousand) BFIL Options held by them, which shall vest as follows:
  - (a) In case of Eligible Employees holding BFIL Options which have already vested or are to vest within a period of 12 (twelve) months from the Effective Date, the Amalgamated Company shall, subject to completion of the Statutory Vesting

Period in relation to such BFIL Options, grant to such Eligible Employees stock options which shall vest immediately, on the Effective Date.

It is hereby clarified that the exercise date for the stock options granted by the Amalgamated Company pursuant to this clause shall continue to be as per the exercise date, determined with reference to the vesting date of the corresponding BFIL Options as originally stipulated under the relevant BFIL ESOP Plan.

- (b) In case of:
  - (A) Eligible Employees holding BFIL Options which are to vest within a period of 12 (twelve) months from the Effective Date but where the Statutory Vesting Period has not elapsed; and
  - (B) Eligible Employees holding BFIL Options which are to vest after a period of 12 (twelve) months from the Effective Date, the Amalgamated Company shall issue stock options to such Eligible Employees on the Effective Date which shall vest after the expiry of the residual vesting period of the corresponding BFIL Options. Provided that the grant of the stock options by the Amalgamated Company shall not be treated as a fresh grant and the period during which the corresponding BFIL Options were held by such Eligible Employees shall be adjusted against the Statutory Vesting Period.
- (iii) The stock options issued by the Amalgamated Company to the Eligible Employees in terms of sub-clause (i) above are hereinafter referred to as the “**Amalgamated Company Options**” and shall be granted by the Amalgamated Company either under (a) the Existing IBL ESOP Scheme; or (b) a new employee stock option scheme to be created by it for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme (“**New IBL ESOP Scheme**”). The terms and conditions applicable to the Amalgamated Company Options shall be no less favourable than those provided under the BFIL ESOP Plans.
- (iv) For the purposes of the grant of the Amalgamated Company Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.
- (v) The exercise price payable for each IBL Share issued pursuant to the exercise of the Amalgamated Company Options by the Eligible Employees shall be equal to the quotient of the exercise price payable for each Amalgamating Company share under the respective BFIL ESOP Plans divided by the Share Exchange Ratio (rounded up to the nearest integer).
- (vi) The grant of the Amalgamated Company Options to the Eligible Employees pursuant to the provisions this Clause 18, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamating Company and the Amalgamated Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the BFIL ESOP Schemes and the grant of the Amalgamated Company Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme, modifying the Existing IBL ESOP Scheme, modifying the exercise price and vesting period of the BFIL Options and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.

- (vii) Subject to applicable law, the entitlement of the Eligible Employees to the Amalgamated Company Options and the adjustments to be made in the exercise price of the Amalgamated Company Options shall be appropriately reflected in the accounts of the Amalgamated Company.
- (viii) The Board and the relevant committees of the Board of the Amalgamating Company and/or the Amalgamated Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 18, in view of this Scheme and in accordance with the provisions of applicable laws including SEBI SBEB Regulations.

## **Section 2 – Taxation Matters**

- 19. Upon the Scheme coming into effect, all taxes/cess/duties paid, payable, received or receivable by or on behalf of the Amalgamating Company, including all or any refunds, claims or entitlements as to minimum alternate tax credits, taxes paid in advance, and/or taxes deducted at source, including refunds or claims pending with the revenue authorities, if any, shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds, minimum alternate tax paid by the Amalgamated Company, and the resulting entitlements for set-off and credits thereof as being of the Amalgamated Company.
- 20. All compliances with respect to taxes or any other applicable laws between the Appointed Date and Effective Date, undertaken by the Amalgamating Company, shall, upon the effectiveness of this Scheme, be deemed to have been complied with, by the Amalgamated Company. Any taxes deducted by the Amalgamated Company from payments made to the Amalgamating Company shall be deemed to be advance tax paid by the Amalgamated Company, subject to provisions of Clause 60 of this Scheme.

## **Section 3 - Conduct of Business until the Effective Date**

- 21. With effect from the Appointed Date and up to and including the Effective Date:
  - (i) the Amalgamating Company shall and shall be deemed to have been carrying on all business and activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Amalgamated Company;
  - (ii) all profits and income accruing to the Amalgamating Company, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), for the period from the Appointed Date based on the accounts of the Amalgamating Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Amalgamated Company; and
  - (iii) any of the rights, powers, authorities, privileges exercised by the Amalgamating Company shall be deemed to have been exercised by the Amalgamating Company for and on behalf of, and in trust for and as an agent of the Amalgamated Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Amalgamated Company; and
  - (iv) all assets acquired and all liabilities incurred by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Amalgamated Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions and trustees for the debenture holders.

22. During the period between the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and the Effective Date, the business of the Amalgamating Company and the Amalgamated Company shall be carried out with diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with applicable law.
23. The Amalgamating Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamated Company:
- (i) sell, transfer, alienate, charge, mortgage, or Encumber the Amalgamating Undertaking or any part thereof;
  - (ii) either incorporate a subsidiary or acquire an interest in an entity so as to constitute such entity as a subsidiary of the Amalgamating Company;
  - (iii) make any alteration to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, other than as may be required by law;
  - (iv) declare any dividend, announce any buy back of securities or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and/or convertible shares/debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner, other than:
    - (a) except as may be expressly required or permitted under this Scheme; or
    - (b) the granting of stock options from the Approved BFIL ESOP Pool; or
    - (c) the issuance of equity shares of BFIL pursuant to the exercise of any BFIL Options already granted under the BFIL ESOP Plans.
  - (v) make any material change to major internal policies, including material change in its financial, accounting and/ or tax policies, except to the extent required by any change in applicable law or accounting standards;
  - (vi) initiate any steps to liquidate, wind up or dissolve itself.
24. The Amalgamated Company shall be entitled to declare and pay dividends, whether interim or final, to its shareholders in respect of the accounting period after the date of approval of the Scheme by the Board of the Amalgamated Company and the Board of the Amalgamating Company and prior to the Effective Date subject to applicable law and the Act and in accordance with the Amalgamated Company's existing dividend policy as on the date of the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company.
25. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member the Amalgamated Company to demand or to claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Amalgamated Company.
26. The Amalgamated Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamating Company:
- (i) sell, transfer, alienate, charge, mortgage, or Encumber its assets (in whole or in part) or any part thereof exceeding 25 % (twenty five per. cent.) of its total assets;

- (ii) announce any buy-back or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and /or convertible shares / debentures or otherwise), decrease, reduction, re-classification, sub-division, consolidation, re-organization, or in any other manner, other than:
  - (a) raising capital or issuing securities to any person (s) aggregating to up to 10 % (ten per. cent.) of the paid up share capital of as on the Exclusivity Agreement Date;
  - (b) grant of stock options to its employees under the Existing IBL ESOP Plan; and
  - (c) issuance of IBL Shares pursuant to the exercise of the stock options that have been granted under the Existing IBL ESOP Plan.
- (iii) enter into or undertaken any amalgamation, merger, re-organization, or other similar or related action where IBL is not the surviving entity;
- (iv) initiate any steps to liquidate, wind-up or dissolve itself; and
- (v) make any alterations to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, which results in a Material Adverse Effect (as defined under the Implementation Agreement).

#### **Section 4 - Issue of Shares for Amalgamation**

27. Upon the Effective Date and in consideration of the transfer and vesting of the Amalgamating Undertaking in the Amalgamated Company pursuant to Part II of this Scheme, the Amalgamated Company shall, without any further act or deed, issue and allot to the shareholders of the Amalgamating Company whose names are recorded in the register of members as a member of the Amalgamating Company on the Record Date or their legal heirs, executors or administrators or (in case of a corporate entity) its successors, 639 (Six Hundred and Thirty Nine) IBL Shares, credited as fully paid up, for every 1,000 (One Thousand) equity shares of the face value of INR 10/ (Rupees Ten Only) each fully paid-up held by such member in the Amalgamating Company (the **"Share Exchange Ratio"**).
28. If any member becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Amalgamated Company in accordance with Clause 27 of this Scheme, the Board of the Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Amalgamated Company (the **"Trustee"**), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times within 60 (sixty) days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Amalgamated Company, the net sale proceeds (after deduction of applicable taxes and costs incurred) thereof and any additions and accretions, whereupon the Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Amalgamating Company in proportion to their respective fractional entitlements.
29. Unless otherwise notified in writing on or before such date as may be determined by the Board of the Amalgamated Company or a committee thereof, the IBL Shares issued to the members of the Amalgamating Company by the Amalgamated Company shall be issued in dematerialized form by the Amalgamated Company provided that the details of the depository accounts of the members of the Amalgamating Company are made available to the Amalgamated Company by the Amalgamating Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Amalgamated Company, it shall issue the IBL Shares to the members of the Amalgamating Company in physical form.



30. In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Amalgamating Company, the Board of the Amalgamated Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Amalgamating Company and in relation to the shares issued by the Amalgamated Company, after the effectiveness of the Scheme. The Board of the Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Amalgamated Company on account of difficulties faced in the transaction period.
31. Where IBL Shares are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Amalgamating Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of the Amalgamated Company.
32. The IBL Shares issued in terms of this Scheme shall, in compliance with applicable regulations, be listed and/or admitted to trading on the Stock Exchanges where the shares of the Amalgamated Company are listed and/ or admitted to trading. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the relevant stock exchanges.
33. The IBL shares to be issued and allotted by the Amalgamated Company in terms of this Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company and shall rank pari passu in all respects and shall have the same rights attached to them the then existing equity shares of the Amalgamated Company.
34. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company as are subject to lock-in pursuant to applicable law, shall remain locked-in as required under applicable law.
35. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company, the allotment or transfer of which is held in abeyance under applicable law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Amalgamated Company.
36. The IBL Shares issued pursuant to this Scheme have not been, and will not be registered under the United States Securities Act of 1933 in reliance upon the exemption from the registration requirements under the Securities Act provided by Section 3(a)(10) of the Securities Act (the "**Section 3(a)(10) Exemption**"). The sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the IBL Shares issued pursuant to this Scheme for the Section 3(a)(10) Exemption. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the Securities Act, each of the Amalgamating Company and the Amalgamated Company undertake that:
  - (i) shareholders of each of the Amalgamating Company, as against their equity shares in the Amalgamating Company, shall receive the equity shares of the Amalgamated Company and shall not receive cash or other consideration; and
  - (ii) the Scheme shall become effective only after it has been approved by the NCLT following the hearings by the NCLT

## **Section 5 – Changes to the share capital of the Amalgamated Company**

37. *Increase of the authorised share capital*
  - (i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Amalgamated Company shall automatically stand increased, without any further act, instrument or deed on the part of the Amalgamated

Company, such that upon the effectiveness of the Scheme, the authorised share capital of the Amalgamated Company shall be INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) comprising of 85,70,00,000 equity shares of INR 10 (Rupees Ten) each, without any further act, deed, resolution, instrument or writing. The capital clause of the Memorandum of Association of the Amalgamated Company shall, upon the coming into effect of this Scheme and without any further act, deed, instrument, resolution or writing be altered and modified as follows:

#### **MEMORANDUM OF ASSOCIATION**

*"The Authorized Share Capital of the Company is INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) divided into 85,70,00,000 equity shares of INR 10 (Rupees Ten) each ..."*

- (ii) It is clarified that for the purposes of this Clause (ii) above, the consent of the members of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Amalgamated Company, and no further resolution under Section 13, Section 14, Section 61 or any other applicable provisions of the Act would be required to be separately passed. In accordance with Section 232 (3)(i) of the Act, the stamp duties and fees (including registration fee) paid on the authorised share capital of the Amalgamating Company shall be utilized and applied to the increased authorised share capital of the Amalgamated Company and there would be no requirement for any further payment of stamp duty and/or fee by the Amalgamated Company for increase in the authorised share capital to that extent.

38. *Change in the issued, subscribed and paid-up share capital*

Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Amalgamated Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with the Scheme. It is clarified that no special resolution under Section 62 of the Companies Act, 2013 shall be required to be passed by the Amalgamated Company separately in a general meeting for issue of IBL Shares to the members of the Amalgamating Company under this Scheme and for the members of the Amalgamated Company approving this Scheme, it shall be deemed that they have given their consent to the issue of the IBL Shares to the members of the Amalgamating Company in terms of the Scheme.

#### **Section 6 – Accounting Treatment**

39. Notwithstanding anything to the contrary contained herein, upon this Scheme becoming effective, the Amalgamated Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act, as applicable.
40. The goodwill or any other intangible assets if any, acquired on the Appointed Date, shall be set-off against the securities premium arising out of the business combination on the Appointed Date.

#### **Section 7 – Dissolution**

41. Upon the coming into effect of the Scheme, the Amalgamating Company shall stand dissolved without winding up.

#### **PART III – PREFERENTIAL ALLOTMENT**

##### **Section 1 - Issue and allotment of Warrants by the Amalgamated Company on a preferential basis**

42. Subject to the effectiveness of the Scheme and upon the allotment of the IBL Shares pursuant to the Amalgamation in accordance with Clause 27 of this Scheme, the Amalgamated Company shall, pursuant to this Scheme and as an integral part hereof, issue and allot to the IBL Promoters on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven

Lakhs Seventy Thousand Nine Hundred and Eighty Five) share warrants ("**Warrants**"), each convertible into 1 (one) IBL Share, such that upon exercise of all the Warrants, and together with the IBL Shares already held by them, the IBL Promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis (such allotment, the "**Preferential Allotment**"). The "relevant date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI Preferential Allotment Circular and the price at which the Warrants shall be issued has been determined in accordance with the SEBI ICDR Regulations and the SEBI Preferential Allotment Circular ("**Warrant Price**"), and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.

43. In accordance with the provisions of the SEBI ICDR Regulations:
- (i) the IBL Promoters shall pay an amount equivalent to 25% (twenty five per. cent.) of the Warrant Price (the "**Warrant Subscription Price**") for subscription to the Warrants on the Effective Date;
  - (ii) the option against the Warrants shall be exercised by the IBL Promoters within 18 (eighteen) months from the date of their allotment ("**Warrant Exercise Period**"), at the option of the IBL Promoters;
  - (iii) The balance 75% (seventy five per. cent.) of the Warrant Price shall be paid by the IBL Promoters upon exercise of the option against the Warrants;
  - (iv) In the event any IBL Promoter does not exercise its option against the Warrants within the Warrant Exercise Period, the total Warrant Subscription Price paid by such IBL Promoter shall be forfeited by the Amalgamated Company and the Warrants shall lapse, to the extent that the option attached to such Warrants has not been exercised; and
  - (v) The IBL Shares allotted pursuant to the exercise of the option against the Warrants shall be subject to a lock-in for such period as specified under SEBI ICDR Regulations.
44. It is hereby clarified that for the purposes of Clause 42, the consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the issuance and allotment of the Warrants of the Amalgamated Company to the IBL Promoters and no further resolutions, approvals or authorization of the shareholders of the Amalgamated Company under Sections 42 and 62(1)(c) of the Act and/or any other applicable law would be separately required subject to the provisions of the SEBI Scheme Circular.

#### **PART IV – SLUMP EXCHANGE OF THE TRANSFERRED UNDERTAKING**

##### **Section 1 - Transfer and Vesting of the Transferred Undertaking**

45. Subject to effectiveness of Part II of the Scheme and with effect from the Appointed Date, the Transferred Undertaking shall stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Transferee Company as a going concern on a slump exchange basis, in accordance with this Part of the Scheme, in lieu of which the Slump Exchange Shares shall be issued by the Transferee Company to the Amalgamated Company. All references to the term 'Amalgamated Company' in this Part IV of the Scheme shall mean the Amalgamated Company after giving effect to the Amalgamation of the Amalgamating Company into the Amalgamated Company with effect from the Appointed Date.
46. *Transfer of Assets*
- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) shall, subject to the provisions of this Clause 46 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and without any further act, deed, matter

or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.

- (ii) In respect of such of the assets of the Transferred Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, payment or by endorsement and delivery, the same may be so transferred, and shall become the property of the Transferee Company as an integral part of the Transferred Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.
- (iii) In respect of such of the assets belonging to the Transferred Undertaking other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

All assets, right, title or interest acquired after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

47. *Contracts, Deeds, Licenses etc.*

- (i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible or for the obligations of which the Amalgamated Company may be liable, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if the Transferee Company had been a party or beneficiary or obligee thereto.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Amalgamated Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamated Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamated Company to be carried out or performed.
- (iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in relation to the Transferred Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in

favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to any Regulatory Authority as may be necessary in this behalf.

48. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking cannot be transferred to the Transferee Company for any reason whatsoever, the Amalgamated Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, insofar as it is permissible so to do, till such time as the transfer is effected.
49. *Transfer of Liabilities*
- (i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations relating to the Transferred Undertaking as on the Appointed Date including (i) all liabilities which arose out of the activities or operations of the Transferred Undertaking; and (ii) any specific loans or borrowings (including debentures) raised, incurred and utilized solely for the activities or operations of the Transferred Undertaking, shall without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company to the extent that they are outstanding on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Transferee Company;
  - (ii) Where any of the loans raised and used, debts, liabilities, duties and obligations as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Amalgamated Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
  - (iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created for the operations of the Transferred Undertaking from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall, to the extent they are outstanding on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company.
  - (iv) In so far as the existing Encumbrances in respect of the liabilities pertaining to the Transferred Undertaking are concerned, or those, if any, created after the Appointed Date in accordance with this Scheme over the assets comprised in the Transferred Undertaking transferred to the Transferee Company by virtue of this Scheme, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over such assets comprised in the Transferred Undertaking which have been Encumbered in relation to the aforesaid liabilities. Provided that if any of the assets comprised in the Transferred Undertaking which are being transferred to the Transferee Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval which may be required by a lender or trustee or third party shall not affect the operation of the above.
  - (v) For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrances over such assets in relation to the liabilities of the Transferred Undertaking transferred to the Transferee Company



in accordance with this Scheme shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Transferred Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities or liabilities pertaining to the Remaining Business, shall without any further act or deed be released and discharged from such Encumbrances and shall no longer be available as security in relation to such liabilities.

- (vi) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company and the Transferee Company shall execute any instrument/s and/or document/s with such other party, as may be required, and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- (vii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (viii) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

50. *Legal, taxation and other proceedings*

- (i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings including claims, disputes, causes of action, litigation, etc., whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamated Company and relating to the Transferred Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Transferee Company after the Effective Date.
- (ii) The Transferee Company undertakes to have all legal and other proceedings initiated by or against the Amalgamated Company referred to in sub-clause (i) above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Amalgamated Company.
- (iii) Notwithstanding the above, in case the proceedings referred to in sub-clause (i) above cannot be transferred for any reason, or the transfer takes time, till such transfer the Amalgamated Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Amalgamated Company against all liabilities and obligations incurred by the Amalgamated Company in respect thereof.

51. *Employees*

- (i) Pursuant to completion of Part IV of this Scheme, all BC Business Employees shall become the employees of the Transferee Company, subject to the provisions hereof, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged prior to the date of transfer and without any interruption of service as a result of the transfer of the

Transferred Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BC Business Employees with the Amalgamated Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.

- (ii) All amounts standing to the credit of the BC Business Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds which stand to the credit of the BC Business Employees shall be transferred to such Employee Benefit Funds nominated by the Transferee Company and/ or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Transferee Company, or to the government provident fund in case of BC Business Employees who are not eligible to become members of the provident fund maintained by the Transferee Company. On and from the Effective Date, with effect from the Appointed Date, and subject to getting the Scheme approved by the relevant authorities, the Transferee Company shall make the necessary contributions for such BC Business Employees in relation to the Employee Benefit Funds.
- (iii) In relation to those BC Business Employees who are not covered under the provident fund trust of the Amalgamated Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamated Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Amalgamated Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamated Company in relation to such provident fund trust shall become those of the Transferee Company.
- (iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BC Business Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamated Company.

52. *Treatment of the Amalgamated Company Options / Special Incentive IBL Options*

Upon Part IV of the Scheme becoming effective, the employees of the Amalgamated Company (irrespective of whether they continue to be employees of the Amalgamated Company or are transferred to the Transferee Company) holding any options (whether vested or unvested) under the Existing IBL ESOP Scheme or under the New IBL ESOP Scheme, shall continue to hold such options on the respective terms and conditions as has been prior to the coming into effect of Part IV of the Scheme.

**Section 2 – Remaining Business**

- 53. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Amalgamated Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for debenture-holders.
- 54. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Amalgamated Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Amalgamated Company in respect of the Remaining Business) shall be continued and enforced by or against the Amalgamated Company after the Effective Date, which shall keep the Transferee Company fully indemnified in that behalf.

55. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Amalgamated Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
  - (ii) all profits accruing to the Amalgamated Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Amalgamated Company; and
  - (iii) all assets and properties acquired by the Amalgamated Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Amalgamated Company.

### Section 3 - Slump Exchange

56. The Transferred Undertaking shall be transferred from the Amalgamated Company to the Transferee Company at its value appearing in the books as on the Appointed Date, i.e. Rs. 43,70,35,000 (Rupees Forty Three Crore Seventy Lakhs and Thirty Five Thousand) ("**Transferred Undertaking Value**"). Accordingly, upon this Part IV becoming effective, in consideration of the transfer and vesting of the Transferred Undertaking to the Transferee Company on the Effective Date, or on such later date as the Amalgamated Company may consent to in writing, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand and Five Hundred) equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value ("**Slump Exchange Shares**").
57. The Slump Exchange Shares shall rank pari passu in all respects, with the existing equity shares in the Transferee Company. The shares issued to the Amalgamated Company by the Transferee Company pursuant to Clause 56 above, shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the Amalgamated Company to the Transferee Company. The approval and consent to this Scheme by the shareholders of the Transferee Company pursuant to Sections 230 to 232 of the Act, shall be deemed to mean that such shareholders have also accorded their consent for the issuance of shares by the Transferee Company to the Amalgamated Company pursuant to this Scheme, and other provisions of the Act, as may be applicable.

### Section 4 – Taxation Matters

58. Liabilities, if any, on account of income-tax in relation to the transfer of the Transferred Undertaking shall be on account of the Amalgamated Company.
59. Any liabilities on account of income-tax in relation to the Amalgamated Company in relation to the Transferred Undertaking and pertaining to the period prior to the Appointed Date, including all or any liability/ refunds/ credits/claims pertaining to the period before the Appointed Date shall be treated as liability/refunds/credits/claims of the Amalgamated Company.
60. Any tax deduction made by the Amalgamated Company from amounts paid to the Transferred Undertaking of Amalgamating Company between the Appointed Date and the Effective Date shall be deemed to have been made by the Amalgamated Company towards income of Transferee Company. All indirect tax refund, rebate, credit, payment, set-off or deductions shall be deemed to have been on account of or paid by the Transferee Company.
61. Upon the Scheme coming into effect and with effect from the Appointed Date, the Transferee Company shall be permitted to revise its income-tax returns, Tax Deducted at Source ("**TDS**") returns and Tax Collected at Source ("**TCS**") returns and other direct and indirect tax returns and claim refunds/credits pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

Upon the Scheme coming into effect and with effect from the Appointed Date, the Amalgamated Company shall be permitted to revise its income-tax returns, TDS returns, TCS returns and other direct and indirect tax returns, and claim refunds/credits pertaining to the Remaining Business pursuant to the provisions of the Scheme.

62. *Increase in authorised capital of the Transferee Company*

- (i) Upon this Scheme coming into effect and with effect from the Appointed Date, the authorized share capital of the Transferee Company shall stand increased from INR 50,00,00,000 (Rupees Fifty Crore) to INR 60,00,00,000 (Rupees Sixty Crore).
- (ii) The capital clause of the Memorandum of Association of the Transferee Company shall, as a part of and, upon the coming into effect of the Scheme and without any further act, deed, instrument, resolution or writing, be replaced by the following clause:  

*“V. The authorised share capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore) divided into 6,00,00,000 (Six Crore) equity shares of Rs. 10 (Rupees Ten) each ...”*
- (iii) It is hereby clarified that for the purpose of this Clause 62, that the consent of the shareholders of the Transferee Company shall be sufficient for the purposes of effecting the above amendment in the authorized share capital of the Transferee Company, and shall be deemed to include consent under any other provision of the Act that may be applicable, and that no further resolution under any provisions of the Act would be separately required. Notwithstanding anything contained in Clause 73 of this Scheme, the Transferee Company shall discharge the applicable filing fees and stamp duty in relation to the increase of the authorized share capital of the Transferee Company.

### **Section 6 – Accounting Treatment**

The Slump Exchange of the Transferred Undertaking by the Amalgamated Company to the Transferee Company in exchange for Slump Exchange Shares shall be accounted as follows upon the Scheme becoming effective:

63. *In the books of the Amalgamated Company*

- (i) The accounts representing the assets and liabilities pertaining to the Transferred Undertaking in the books of the Amalgamated Company shall stand closed upon the transfer of the Transferred Undertaking to the Transferee Company.
- (ii) Any difference arising on account of excess of the net assets transferred over the Transferred Undertaking Value detailed under Clause 56 or vice versa shall be recognized in the statement of profit and loss/ general reserve/ capital reserve/ investment in subsidiary as per the relevant accounting principles.

64. *In the books of the Transferee Company*

- (i) The Transferee Company shall upon the Scheme coming into effect, record all assets and liabilities of the Amalgamated Company pertaining to the Transferred Undertaking vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Amalgamated Company.
- (ii) The Transferee Company shall credit to its equity share capital account the aggregate face value of the Slump Exchange Shares, issued and allotted by it to the Amalgamated Company pursuant to Clause 56 of this Scheme.
- (iii) The difference arising pursuant to the Scheme shall be transferred to goodwill/ capital reserve/ other equity.

### **Section 7 – Change of Name of the Transferee Company**

- 65. Subject to Applicable Law, as a part of the Scheme and upon its effectiveness, the name of the Transferee Company shall be changed to “Bharat Financial Inclusion Limited”, being the name

of the Amalgamating Company. The Transferee Company shall take all necessary steps to give effect to such change of name.

66. From the Effective Date till the time necessary formalities relating to the change of name is completed, the Transferee Company shall be eligible to use its present name 'IndusInd Financial Inclusion Limited' to ensure continuity of its operations.
67. The above shall be effected as an integral part of the Scheme and shall be deemed to be in due compliance of the applicable provisions of the Act.

#### **PART V – GRANT OF SPECIAL INCENTIVE OPTIONS**

68.

##### *Grant of Special Incentive IBL Options*

- (i) Upon Part II of this Scheme becoming effective, the Amalgamated Company shall, in order to ensure continuity and retention of the BFIL Employees with IBL, create a New IBL ESOP Scheme in terms of which IBL shall grant to specified BFIL Employees ("**Special Incentive Eligible Employees**"), stock options of the Amalgamated Company as a special incentive (collectively referred to as "**Special Incentive IBL Options**").
- (ii) The total number of Special Incentive IBL Options shall be such that, upon conversion, the holders thereof would be entitled to such number of IBL shares as are equivalent in value to BFIL shares that would have been held by them upon grant and conversion of an aggregate of: (a) the Unallocated BFIL Options; and (b) an additional 35,00,000 (thirty five lakh) BFIL Options on terms that are no less favourable than those of the Unallocated BFIL Options, as determined in accordance with the Share Exchange Ratio. The Special Incentive IBL Options shall vest in the manner set out in sub-clause (iv) below.
- (iii) All the Special Incentive IBL Options shall be granted on a date within 30 (thirty) days of the Effective Date ("**Special Incentive IBL Option Grant Date**"). The BFIL Employees who shall constitute the Special Incentive Eligible Employees, the quantum of the Special Incentive IBL Options to be granted to each Special Incentive Eligible Employee, and other terms and conditions in relation to the Special Incentive IBL Options shall be determined by the nomination and remuneration committee of the Board of IBL, on the basis of recommendations received from the BFIL senior management (as defined in the Implementation Agreement).
- (iv) The Special Incentive IBL Options shall vest in the following manner:
- (a) 50 % (fifty per. cent.) of the Special Incentive IBL Options ("**Special Incentive IBL Options – Tranche 1**") shall have a staggered vesting period of 3 (three) years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 1 shall vest on each of the first anniversary, the second anniversary and the third anniversary of the Special Incentive IBL Options Grant Date;
- (b) 50 % (fifty per. cent.) of the Special Incentive IBL Options ("**Special Incentive IBL Options – Tranche 2**") shall have a staggered vesting period of 4 (four) years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 2 shall vest on each of the second anniversary, the third anniversary and the fourth anniversary of the Special Incentive IBL Options Grant Date.
- (v) For the purposes of the grant of the Special Incentive IBL Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.
- (vi) The grant of the Special Incentive IBL Options to the Special Incentive Eligible Employees pursuant to the provisions this Clause 68, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamated Company to the Scheme



shall be deemed to be their consent in relation to all matters pertaining to the grant of the Special Incentive IBL Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.

- (vii) Subject to applicable law, the entitlement of the Special Incentive Eligible Employees to the Special Incentive IBL Options shall be appropriately reflected in the accounts of the Amalgamated Company.
- (viii) The Board and the relevant committees of the Board of the Amalgamated Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 68, in view of this Scheme and in accordance with the provisions of applicable laws including the SEBI SBEB Regulations.

#### **PART VI – GENERAL TERMS AND CONDITIONS**

*The provisions of this Part shall be applicable to Part II, Part III, Part IV and Part V of the Scheme.*

- 69. The Amalgamating Company, IBL and the Transferee Company shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 and 232 of the Act.
- 70. The Amalgamating Company (by its Board), IBL (by its Board) and the Transferee Company (by its Board), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:
  - (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which the NCLT may deem fit to approve or impose, and/or effect any other modification or amendment which the Boards of the Amalgamating Company, IBL and the Transferee Company may jointly and mutually agree in writing, consider necessary or desirable and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.
  - (ii) any modification to this Scheme by the NCLT shall not be binding on the Amalgamating Company, IBL or the Transferee Company except where its prior consent has been obtained.
  - (iii) give such directions (acting jointly) as may be mutually agreed in writing by the Amalgamating Company, IBL and the Transferee Company as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law).
  - (iv) in their full and absolute discretion and by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.
  - (v) determine jointly by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Transferred Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose.

71. *Severability*

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement between the Amalgamating Company, IBL and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

72. The coming into effect of this Scheme is conditional upon and subject to:

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot/ e-voting, as applicable) and creditors (where applicable) of the Amalgamating Company, IBL and the Transferee Company, as required under the Act, subject to any dispensation that may be granted by the NCLT.
- (ii) this Scheme having been approved by a majority of the public shareholders of IBL (passed through postal ballot/ e-voting, as applicable) in accordance with the requirements set out in the SEBI Scheme Circular;
- (iii) sanctions and orders under the provisions of Sections 230 to 232 of the Act being obtained from the NCLT;
- (iv) the certified copies of the order of the NCLT approving this Scheme being filed with the Registrar of Companies, Maharashtra;
- (v) receipt of the approvals of the RBI for the Amalgamation and the issuance of the IBL Shares to the shareholders of BFIL, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking, in terms of this Scheme;
- (vi) the Stock Exchanges issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme, to the Amalgamated Company and the Amalgamating Company including comments/ approval after sanction of the Scheme by NCLT, as required under the SEBI Listing Regulations read with the SEBI Scheme Circular;
- (vii) receipt of the approval from the CCI under the Competition Act, 2002 for the Amalgamation and the Slump Exchange (if necessary);
- (viii) any other approval as may be required for the Amalgamation and the issuance of the IBL Shares to the shareholders of Amalgamating Company, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking in terms of this Scheme as a result of a change in law, rule or regulation or written requirement of a Regulatory Authority on or after the Implementation Agreement Execution Date or interpretation of any existing law, rule or regulation on or after the relevant date; and
- (ix) the Implementation Agreement not having been terminated in accordance with the terms thereof prior to the later of the dates on which conditions (ii) to (vii) are satisfied.

73. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the NCLT. Provided that, all costs and expenses in relation to registration, stamping, regulatory approvals and all other costs in respect of this Scheme shall be borne in the manner agreed in the Implementation Agreement.

S.R. Batliboi & Co. LLP Chartered Accountants The Ruby, 14 <sup>th</sup> floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, India.	Deloitte Haskins & Sells Chartered Accountants 19 <sup>th</sup> Floor, Shapath-V, S.G. Highway, Ahmedabad -380015, Gujarat.
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**Dated: 13 October 2017**

**To**

<b>The Board of Directors, Bharat Financial Inclusion Limited</b> My Home Tycoon, 3rd Floor Block A, 6-3-1192, Kundanbagh, Begumpet, Hyderabad – 500016 Telangana, India.	<b>The Board of Directors, IndusInd Bank Limited</b> 2401 Gen. Thimmayya Road (Cantonment), Pune – 411 001, India.
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**Sub: Recommendation of Fair Equity Share Exchange ratio for the purpose of the proposed merger of Bharat Financial Inclusion Limited into IndusInd Bank Limited**

Dear Madam/Sir,

We refer to the engagement/appointment letters whereby,

- Bharat Financial Inclusion Limited (hereinafter referred to as "BFIL") has requested S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC"); and
- IndusInd Bank Limited (hereinafter referred to as "IBL") has requested Deloitte Haskins & Sells (hereinafter referred to as "DHS")

for recommendation of the Fair Equity Share Exchange ratio (hereinafter referred to as ("Fair Equity Share Exchange ratio) for the proposed merger of BFIL into IBL (hereinafter referred to as "Proposed Merger").

IBL and BFIL are hereinafter jointly referred to as "Companies". The Fair Equity Share Exchange ratio for this report refers to number of equity shares of face value of INR 10/- each of IBL, which would be issued to equity shareholders of BFIL in lieu of their equity shareholding in BFIL pursuant to the Proposed Merger.



SRBC and DHS are hereinafter jointly referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint Fair Equity Share Exchange Ratio Report ("Share Exchange Ratio Report" or "Report").

#### **SCOPE AND PURPOSE OF THIS REPORT**

IBL offers commercial, transactional and electronic banking products and services. The equity shares of IBL are listed on National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE"). IBL was founded in 1994. IBL had reported consolidated total revenue and profit after tax of INR 185,771.6 million and INR 28,678.9 million respectively, for the year ended 31 March 2017.

BFIL is a Non-Banking Financial Company ("NBFC") which provides micro finance services in India. BFIL was formerly known as SKS Microfinance Limited. The equity shares of BFIL are listed on NSE and BSE. BFIL was founded in 2003. BFIL had reported consolidated total revenue and profit after tax of INR 17,279 million and INR 2,896.9 million respectively, for the year ended 31 March 2017.

We understand that the managements of IBL and BFIL ("Management/s") are contemplating the merger of BFIL into IBL ("Proposed Merger") under a composite scheme of Arrangement and Amalgamation under the provisions of Sections 230-232 of the Companies Act, 2013 and, the Companies Rules 2016, relevant regulations and directions of RBI, and other applicable securities and capital market laws and rules issued thereunder to the extent applicable. As a consideration for this Proposed Merger, equity shareholders of BFIL would be issued equity shares of IBL.

We understand that the appointed date for the Proposed Merger is 01 January 2018 or such other date as approved by the Courts/ regulatory authorities.

For the aforesaid purpose, the Board of Directors of BFIL and IBL have appointed SRBC and DHS, respectively, to submit a joint Share Exchange Ratio Report for recommending the Fair Equity Share Exchange ratio, for the issue of IBL's equity shares to the equity shareholders of BFIL. This report will be placed before the Audit Committee and Board of Directors of IBL and BFIL as per the relevant SEBI circulars, and to the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger.





The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of IBL and BFIL and report on the Fair Equity Share Exchange Ratio for the Proposed Merger in accordance with generally accepted professional standards.

The Valuers have been appointed severally and not jointly and have worked independently in their analysis. Both the Valuers have received information and clarifications from their respective clients. The Valuers have independently arrived at different values per share of IBL and BFIL. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the proposed merger, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

We have been provided with audited financial statements and other financial information of IBL and BFIL for the year ended 31 March 2017 and latest available quarterly results of respective companies. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. The current valuation does not factor impact of any event which is unusual or not in normal course of business. Further, the Management has informed us that all material information impacting the Companies have been disclosed to us.

The Management has informed us that:

- (a) There would not be any capital variation in the Companies till the Proposed Merger becomes effective without approval of the shareholders other than on account of existing ESOP Scheme which would not be material;
- (b) Neither Companies would declare any dividend which are materially different than those declared in the past few years.
- (c) There are no unusual/abnormal events in both the Companies since the last quarterly results were declared till the Report Date materially impacting their operating / financial performance.

We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger.

This Report is our deliverable for the above engagement.

This report and the information contained herein is absolutely confidential. It is intended only for the sole use and information of the Companies and only in connection with the Proposed Merger including for the purpose of obtaining regulatory approvals, as required





under applicable laws of India, for the Proposed Merger. We understand that the Companies may be required to submit this report to judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger under applicable laws. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Boards of Directors of the Companies that have respectively engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this report. The results of our computation and our report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / businesses of the Companies or their holding company / subsidiaries / joint ventures / associates / investee companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

#### **SOURCES OF INFORMATION**

In connection with this exercise, we have used the following information:

- Annual reports for the year ended 31 March 2017 and earlier periods for IBL and BFIL;
- Unaudited results for the quarter ended 30 June 2017 for IBL and BFIL; and
- Other relevant information

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary and relevant for our exercise.

Both IBL and BFIL have been provided with the opportunity to review the draft Report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Report.



## **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) are based on the audited financial statements of IBL and BFIL as at 31 March 2017 and unaudited financial results for the quarter ended 30 June 2017. The Management has represented that the business activities of IBL and BFIL have been or would be carried out in the normal and ordinary course between 31 March 2017 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 31 March 2017 and the Report date. While the unaudited quarterly results of IBL for the quarter ended 30 September 2017 have been declared, the quarterly results for the said quarter in the case of BFIL have not been declared. We have looked at the September quarterly results for IBL and have also been informed that there are no material unusual/abnormal events. Considering this and given that we are carrying out a relative valuation we have considered it appropriate not to use the quarterly results of IBL for the quarter ended 30 September 2017 for our calculations.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.





The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by IBL and BFIL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of IBL and BFIL. The final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Merger shall take place will be with the Board of Directors of IBL and BFIL, who should take into account other factors such as their own assessment of the Proposed Merger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data.

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available, sourced from subscribed databases, including analyst reports, and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by IBL and BFIL. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by IBL and BFIL. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from IBL and BFIL, we have been given to understand by the Management that they have not omitted any relevant and material factors about IBL and BFIL and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.



Our conclusions are based on the assumptions and information given by / on behalf of IBL and BFIL. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated / incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that IBL and BFIL comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that IBL and BFIL will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheet of IBL and BFIL. Our conclusion of value assumes that the assets and liabilities of IBL and BFIL reflected in their respective latest balance sheets remain intact as of the Report date. No investigation of IBL and BFIL's claim to title of assets has been made for the purpose of this Report and IBL and BFIL's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Merger with the provisions of any law / standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Merger.

This Report does not look into the business / commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Merger as compared with any other alternative business proposed merger, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the conclusion of this Report.

SRBC owes responsibility to only the Boards of Directors of BFIL and DHS owes responsibility to only the Board of Directors of IBL that have respectively appointed us





under the terms of our respective engagement / appointment letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to IBL and BFIL. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of IBL and BFIL, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Merger, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of IBL and BFIL will trade following announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders of IBL and BFIL should vote at any shareholders' meeting(s) to be held in connection with the Proposed Merger. Our report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions.

## **SHARE CAPITAL DETAILS OF THE COMPANIES**

### **Bharat Financial Inclusion Limited**

Based on the share capital of BFIL as at 30 June 2017 and the outstanding options as at that date, we have considered the diluted equity share capital of BFIL of 142,049,474 equity shares of INR 10 each, for the purpose of the present valuation analysis.





## **IndusInd Bank Limited**

Based on the share capital of IBL as at 30 June 2017 and the outstanding options as at that date, we have considered the diluted equity share capital of IBL of 609,920,541 equity shares of INR 10 each, for the purpose of the present valuation analysis.

### **APPROACH – BASIS OF MERGER**

The Proposed Merger contemplates the merger of BFIL into IBL. Arriving at the Fair Equity Share Exchange Ratio for the proposed merger of BFIL into IBL would require determining the relative value of the equity shares of BFIL and the equity shares of IBL. These values are to be determined independently, but on a relative basis, without considering the effect of the Proposed Merger.

There are several commonly used and accepted methods, under the market, income and asset approaches, for determining the Fair Equity Share Exchange Ratio for the proposed merger of BFIL into IBL, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Asset Approach - Net Asset Value method
2. Income Approach –
  - a. Discounted Cash Flows method
  - b. Earnings Capitalization Value method
3. Market Approach –
  - a. Market Price method
  - b. Comparable Companies Multiples method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of the Companies.



The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for proposed mergers of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

#### **Net Asset Value ("NAV") Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies / banks amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

#### **Discounted Cash Flows ("DCF") Method**

In the case of banks / NBFCs, under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm for equity shareholders.

Such DCF analysis involves determining the following:

*Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.



*Appropriate discount rate to be applied to cash flows i.e. the cost of equity:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely equity shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

#### **Earnings Capitalization Value Method**

Earnings Capitalization Value Method involves determination of the maintainable earnings level of the company from its operations, based on past and / or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer's combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

#### **Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

#### **Comparable Companies' Multiples ("CCM") Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.





Out of the above methods, the Valuers have used methods as considered appropriate by them respectively.

### **Basis of Fair Equity Share Exchange Ratio**

The basis of the Proposed Merger of BFIL into IBL would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the respective Valuer. Though different values have been arrived at under each of the above approaches / methods, for the purposes of recommending the Fair Equity Share Exchange Ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of IBL and BFIL but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of IBL and BFIL based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of IBL and BFIL, having regard to information base, key underlying assumptions and limitations.

Valuers, have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of IBL and BFIL. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Merger, suitable minor adjustments / rounding off have been done in the values arrived at by the Valuers.

The Computation of Fair Equity Share Exchange Ratio as derived by SRBC, is given below:

Valuation Approach	BFIL		IBL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	187.3	0%	365.0	0%
Income Approach - Discounted Free Cash Flow Method	1,269.5	50%	1,900.1	50%
Market Approach - Market Price method	956.3	50%	1,584.5	50%
<b>Relative Value per Share</b>	<b>1,112.9</b>		<b>1,742.3</b>	
<b>Exchange Ratio (rounded off)</b>			<b>0.639</b>	



The Computation of Fair Equity Share Exchange Ratio as derived by DHS, is given below:

Valuation Approach	BFIL		IBLs	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	187.3	0%	365.0	0%
Income Approach – Earnings Capitalization Value method	1,541.7	50%	2,156.4	50%
Market Approach – Market Price method	906.2	50%	1,675.2	50%
<b>Relative Value per Share</b>	<b>1,223.9</b>		<b>1,915.8</b>	
<b>Exchange Ratio (rounded off)</b>			<b>0.639</b>	

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Merger of BFIL into IBL:

639 (Six Hundred and Thirty Nine) equity shares of IBL of INR 10/- each fully paid up for every 1,000 (One Thousand) equity shares of BFIL of INR 10/- each fully paid up.

Respectfully submitted,

<p>S.R. Batliboi &amp; Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E</p>   <p><b>Jayesh Gandhi</b> Partner Membership No: 037924 Date: 13 October 2017</p>	<p>Deloitte Haskins &amp; Sells Chartered Accountants ICAI Firm Registration Number: 117365W</p>   <p><b>Anjum A. Qazi</b> Partner Membership No: 104968 Date: 13 October 2017</p>
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**CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED**  
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 Dr. Annie Besant Road, Worli www.credit-suisse.com  
 Mumbai 400 018, India

October 13, 2017

The Board of Directors  
 Bharat Financial Inclusion Limited  
 Unit No. 410, Madhava  
 Bandra Kurla Complex  
 Bandra (East)  
 Mumbai 400051- India

Members of the Board:

You have requested our opinion (the “**Opinion**”) as to the fairness, from a financial point of view, to the holders of the equity shares of Bharat Financial Inclusion Limited (“**BFIL**” and such holders, the “**Holders**”) of the Exchange Ratio (defined below) in connection with the merger of BFIL into and with IndusInd Bank Limited (“**IBL**” and such merger, the “**Merger**”), as more fully described in the proposed scheme of arrangement of BFIL and IBL, which provides, *inter-alia*, for the Merger (the “**Scheme of Arrangement**”).

As more fully described in the Scheme of Arrangement, pursuant to the Merger, 639 fully paid-up equity share(s) having face value of Rs. 10/- per equity share of IBL (the “**IBL Equity Shares**”) will be issued to each holder holding 1,000 fully paid-up equity share(s) having face value of Rs. 10/- per equity share of BFIL (the “**BFIL Equity Shares**”) on the record date (the “**Exchange Ratio**”). The terms and conditions of the Merger are more fully described in the Scheme of Arrangement and the above summary is qualified in its entirety by reference to the Scheme of Arrangement.

In arriving at our Opinion, we have reviewed (i) the draft joint valuation report dated October 13, 2017 furnished by S.R. Batliboi & Co. LLP an independent valuer appointed by BFIL, and Deloitte Haskins & Sells an independent valuer appointed by IBL (the “**Draft Report**”); (ii) the draft dated October 13, 2017 of the Scheme of Arrangement (the “**Draft Scheme**”); and (iii) certain publicly available business and financial information relating to BFIL and IBL, including, among other things, the details of shareholding of BFIL and IBL, third party research analysts’ reports relating to BFIL and IBL, financial and operating data of BFIL and IBL, capital structure of BFIL and IBL, and the current and historical market prices and trading volumes of BFIL Equity Shares and IBL Equity Shares on BSE Limited and National Stock Exchange of India Limited. We considered, to the extent publicly available, certain other past transactions which we considered relevant in evaluating the Merger and analyzed certain other publicly available information relating to the businesses of other public listed companies whose operations we considered relevant in evaluating those of BFIL and IBL. In arriving at our Opinion, we have not reviewed or used financial forecasts, projections or forward looking statements except those that are publicly available.

In connection with our review, we have not independently verified any of the foregoing information and we have assumed and relied, without independent verification, upon such information being complete and accurate in all material respects. We have further relied upon the assurances of the management of BFIL that it is not aware of any relevant information that has been omitted or that remains undisclosed in its disclosures to us that would make the public information or data examined by, provided to, reviewed by, or discussed with, us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion. With respect to the publicly available financial forecasts for BFIL and IBL referred to above, we have assumed that such forecasts represent reasonable estimates and judgments with



CIN U67120MH1996PTC104392

banking and other financial services to such companies. In addition, we and our affiliates may maintain relationships with BFIL, IBL and their respective affiliates. For the purposes of this Opinion, the term affiliate means, with respect to any entity, any other entity that, directly or indirectly, controls or is controlled by, or is under common control with, such entity. As used in this definition, control and correlative terms have the meanings ascribed to such words under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

It is understood that this letter is for the information of the Board of Directors of BFIL only in connection with its consideration of the Merger or the Scheme of Arrangement and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act on the proposed Merger or the Scheme of Arrangement. Our Opinion may not be quoted, referred to or otherwise disclosed, in whole or part, nor may any public reference to Credit Suisse be made, without our prior written consent. However, BFIL may disclose the Opinion (i) to its legal counsel involved in the Merger on a need-to-know basis only and under conditions of confidentiality with our prior written consent; or (ii) if required by law, regulation, judicial or governmental order, subpoena or other legal process or is requested or required by any governmental authority or regulatory agency, in such form and substance as Credit Suisse shall approve (unless legally prohibited); or (iii) in the information memorandum or similar document prepared in relation to the Transaction which is required to be filed with the Indian stock exchanges under applicable laws, rules or regulations, in such form and substance as Credit Suisse shall approve; or (iv) as may be consented by Credit Suisse in writing. Notwithstanding the above, neither our issuance of the Opinion to the Board of Directors of BFIL, nor our consent to annex or include this Opinion to the information memorandum or disclose otherwise shall permit any third party (including, without limitation, any shareholder, creditor or other person of BFIL, IBL or their respective affiliates) to rely upon, use or derive any rights from, and we shall not be liable to any third party in relation to, the Opinion.

We accept no responsibility to any person other than the Board of Directors of BFIL in relation to the contents of this Opinion even if it is disclosed to such person with our consent. It is understood that this Opinion is given only as of the date hereof, and any subsequent developments, including in relation to any contingent liabilities, may affect this Opinion, and we do not have any obligation to update, revise or reaffirm this Opinion.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the Holders.

Very truly yours,

CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED





DCS/AMAL/SD/R37/1156/2018-19

June 4, 2018

The Company Secretary  
**Bharat Financial Inclusion Ltd.**  
 Unit No. 410, "Madhava", Bandra-Kurla Complex,  
 Bandra (East), Mumbai, Maharashtra- 400051

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement amongst Indusind Bank Ltd, Bharat Financial Inclusion Ltd(formerly known as 'SKS Microfinance Ltd'), the proposed Wholly Owned Subsidiary of Indusind Bank Ltd and their respective shareholders and creditors.**

We are in receipt of Draft Scheme of Arrangement amongst Indusind Bank Ltd, Bharat Financial Inclusion Ltd(formerly known as 'SKS Microfinance Ltd'), the proposed Wholly Owned Subsidiary of Indusind Bank Ltd and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated June 1, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

The matter has been examined by SEBI in light of the provisions under Part A, Annexure I of the aforesaid circular. Accordingly, SEBI's comments on the draft scheme are as under:

- "Indusind Bank Ltd is advised to finalise/decide the Capital Structure of the demerged undertaking prior to filing of the scheme with NCLT."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
 Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
 T: +91 22 2272 1234/333 | E: corp.com@bseindia.com | www.bseindia.com  
 Corporate Identity Number : L67120MH2005PLC155188



In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

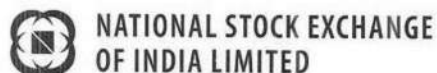
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,



**Nitin Pujari**  
Sr. Manager





Ref: NSE/LIST/15839

June 01, 2018

The Head – Legal, Compliance & Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, Madhava,  
 Bandra-Kurla Complex, Bandra (East)  
 Mumbai – 400051

**Kind Attn.: Mr. Rajendra Patil**

Dear Sir,

**Sub: Observation Letter for Composite Scheme of Arrangement amongst IndusInd Bank Limited and Bharat Financial Inclusion Limited and their respective shareholders and creditors.**

We are in receipt of the draft Composite Scheme of Arrangement amongst IndusInd Bank Limited and Bharat Financial Inclusion Limited and their respective shareholders and creditors filed by Bharat Financial Inclusion Limited vide application dated March 28, 2018.

Based on our letter reference no Ref: NSE/LIST/44506 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated June 01, 2018, has given following comments:

- a. *The Company shall ensure to finalise/decided the capital structure of the demerged undertaking prior to filing of the scheme with NCLT.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- c. *The Company shall duly comply with various provisions of the Circulars.*
- d. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.



However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from June 01, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,  
For **National Stock Exchange of India Ltd.**

Divya Poojari  
Sr. Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

May 08, 2018

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000  
F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

<p><b>National Stock Exchange of India Limited</b> Manager - Listing Compliance Department, Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051</p> <p>NSE Scrip Code: BHARATFIN</p>	<p><b>BSE Limited</b> Deputy General Manager – Corporate Relationship Department, 1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.</p> <p>BSE Scrip Code: 533228</p>
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**Sub:** Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed scheme of arrangement amongst IndusInd Bank Limited, Bharat Financial Inclusion Limited (formerly known as 'SKS Microfinance Limited'), the proposed wholly owned subsidiary of IndusInd Bank Limited and their respective shareholders and creditors.

**Ref.:** Submission of "Complaints Report" in format prescribed at Annexure - III pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017

Dear Sirs,

This is with reference to the draft scheme of arrangement between IndusInd Bank Limited (the "Bank"), Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) ("BFIL"), the proposed wholly owned subsidiary of IndusInd Bank Limited and their respective shareholders and creditors ("Scheme"), submitted to you vide our aforesaid application on March 28, 2018.

In compliance with the requirements of paragraph 6 of Annexure I of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("Scheme Circular"), we submit herewith the "Report on Complaints", in the format prescribed at Annexure III of the Scheme Circular.

As set out in the annexed 'Report on Complaints', we wish to confirm that BFIL has not received any complaints / comments from its shareholders / creditors in respect of the Scheme up to May 07, 2018, either directly or through the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ("NSE" and "BSE" hereafter collectively referred to as "Stock Exchanges") or SEBI. Whilst an anonymous letter was received by SEBI which was forwarded to BFIL through the Stock Exchanges, BFIL has provided the responses to the Stock Exchanges in this regard.

In accordance with paragraph 8(c) of Annexure I of the Scheme Circular, the 'Report on Complaints' shall also be uploaded on our website at the following link <http://www.bfil.co.in/notifications>.

We request you to kindly take the above on record and kindly issue your no-objection letter with respect to the Scheme, at the earliest.

Yours faithfully,

**For Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

**Rajendra Patil**  
EVP - Legal & Company Secretary



Encl: as above



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
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F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

### Report on Complaints

#### Part A

<i>Sr. No.</i>	<i>Particulars</i>	<i>Number</i>
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchanges/SEBI	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

#### Part B

<i>Sr. No.</i>	<i>Name of complainant</i>	<i>Date of complaint</i>	<i>Status (Resolved/Pending)</i>
N.A.			

**For Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

**Rajendra Patil**  
EVP-Legal & Company Secretary

Date: May 08, 2018  
Place: Mumbai





# B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City  
Orwell, 6th Floor, Unit-3  
Sy. No. 83/1, Plot No. 2, Raidurg  
Hyderabad-500081, India

Telephone : +91 40 7182 2000  
Fax : +91 40 7182 2399

**Auditor's report on quarterly financial results and year-to-date results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

To

**The Board of Directors of  
Bharat Financial Inclusion Limited**

1. We have audited the quarterly financial results of Bharat Financial Inclusion Limited ('the Company') for the quarter ended 30 September 2018 and the year-to-date financial results for the period from 1 April 2018 to 30 September 2018 ('financial results'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Listing Regulations.
2. These quarterly financial results as well as the year-to-date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulation.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



B S R & Associates LLP

4. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year-to-date results:
- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
  - (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the quarter ended 30 September 2018 as well as the year-to-date results for the period from 1 April 2018 to 30 September 2018.

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration Number: 116231W/W-100024



**Sriram Mahalingam**  
Partner  
Membership No: 049642

Place: Hyderabad  
Date: 24 October 2018

**Bharat Financial Inclusion Limited**

Regd. Office: Unit No. 410, "Madhava", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

**Statement of Financial Results for the quarter and half year ended September 30, 2018**

Sr. No.	Particulars	Quarter ended				Half year ended		Year ended	
		September 30, 2018	September 30, 2017	June 30, 2018	September 30, 2018	September 30, 2017	March 31, 2018	March 31, 2018	
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	
	<b>Revenue</b>								
(a)	Revenue from operations	760.10	481.69	611.79	1,371.89	933.17	2,155.68		
(b)	Other income	0.03	0.14	0.07	0.10	0.22	1.08		
	<b>Total revenue</b>	<b>760.13</b>	<b>481.83</b>	<b>611.86</b>	<b>1,371.99</b>	<b>933.39</b>	<b>2,156.76</b>		
	<b>Expenses</b>								
(a)	Finance Costs	204.66	179.26	199.34	404.00	355.09	727.01		
(b)	Impairment on financial instruments	25.71	(1.34)	18.56	44.26	34.29	68.54		
(c)	Employee Benefits Expenses	159.62	118.92	159.18	318.80	228.05	525.25		
(d)	Depreciation, amortization and impairment	3.79	3.13	2.70	6.49	5.85	13.25		
(e)	Others expenses	58.57	38.86	49.16	107.73	73.81	162.25		
	<b>Total expenses</b>	<b>452.35</b>	<b>338.83</b>	<b>428.94</b>	<b>881.28</b>	<b>697.09</b>	<b>1,496.30</b>		
3	Profit / (loss) before tax (1-2)	307.78	143.00	182.92	490.71	236.30	660.46		
4	<b>Tax expenses</b>								
(a)	Current tax	78.63	31.70	146.92	225.55	44.68	78.92		
(b)	Excess provision of tax relating to earlier years	-	-	-	-	-	(0.70)		
(c)	Deferred tax	(3.77)	8.16	(106.07)	(109.85)	53.28	71.76		
(d)	Minimum Alternate Tax credit entitlement	-	(31.70)	-	-	(44.68)	(78.92)		
	<b>Total tax expense</b>	<b>74.86</b>	<b>8.16</b>	<b>40.85</b>	<b>115.70</b>	<b>53.28</b>	<b>71.06</b>		
5	Profit / (loss) after tax (3-4)	232.92	134.84	142.07	375.01	183.02	589.40		
6	Other Comprehensive Income								
(i)	Items that will not be reclassified to profit or loss	3.10	(6.18)	(0.06)	3.04	7.82	11.36		
(ii)	Income tax on the above	(1.08)	2.14	0.02	(1.06)	(2.71)	(4.09)		
	Other Comprehensive Income (i + ii)	2.02	(4.04)	(0.04)	1.98	5.11	7.27		
7	<b>Total Comprehensive Income (5+6)</b>	<b>234.94</b>	<b>130.80</b>	<b>142.03</b>	<b>376.99</b>	<b>188.13</b>	<b>596.67</b>		
8	Earnings per equity share (Not annualised)								
	Nominal value of share	10.00	10.00	10.00	10.00	10.00	10.00		
	Basic	16.66	9.76	10.19	26.87	13.26	42.56		
	Diluted	16.53	9.68	10.12	26.63	13.14	42.16		



**Bharat Financial Inclusion Limited**  
**Balance Sheet as at September 30, 2018**

*Rs. in crores*

	As at 30-Sep-18	As at 31-Mar-18
	Audited	Audited
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	302.37	1,859.72
Bank Balance other than (a) above	358.19	313.66
Receivables	29.11	11.37
Loans	10,805.14	9,259.96
Investments	0.20	0.20
Other Financial assets	198.23	176.16
<b>Non-financial Assets</b>		
Current tax assets (Net)	41.50	40.79
Deferred tax Assets (Net)	210.59	208.86
Property, Plant and Equipment	23.12	16.27
Other Intangible assets	7.14	5.35
Intangible assets under development	0.43	-
Other non-financial assets	24.76	19.29
<b>Total Assets</b>	<b>12,000.78</b>	<b>11,911.63</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Debt Securities	-	199.98
Borrowings (Other than Debt Securities)	7,720.52	8,094.05
Other financial liabilities	569.37	425.12
<b>Non-Financial Liabilities</b>		
Current tax liabilities (Net)	34.00	0.11
Provisions	59.17	37.18
Other non-financial liabilities	15.30	14.32
<b>EQUITY</b>		
Equity Share capital	140.09	139.32
Other Equity	3,462.33	3,001.55
<b>Total Liabilities and Equity</b>	<b>12,000.78</b>	<b>11,911.63</b>





## BHARAT FINANCIAL INCLUSION LIMITED

### Notes:

- The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from 1 April 2018 and the effective date of such transition is 1 April 2017. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the previous GAAP').

Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding figures presented in these results have been restated / reclassified.

Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on October 24, 2018 in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- As required by paragraph 32 of Ind AS 101, reconciliation of the financial results to those reported under previous GAAP is summarised as follows:

	INR in Crores	
Reconciliation of the financial results	Half year ended September 30, 2017	Quarter ended September 30, 2017
<b>Profit/ (Loss) after tax as per previous GAAP</b>	<b>82.35</b>	<b>119.40</b>
Expected credit loss on Loans & advances	191.79	51.52
Effective interest rate impact on financial assets and financial liability	0.38	1.49
Net gain on derecognition of loans sold under assignment transaction	(7.45)	(16.58)
Reversal of gain on derecognition of loans sold under securitisation transactions prior to date of transition	(32.63)	(12.40)
Others	1.86	(0.44)
Deferred tax impact on the above	(53.28)	(8.16)
Total Profit after tax as per Ind AS	<b>183.02</b>	<b>134.83</b>
Other Comprehensive Income, (net of taxes)	5.11	(4.04)
<b>Total Comprehensive Income as per Ind AS</b>	<b>188.13</b>	<b>130.79</b>

- The statutory auditors, B S R & Associates LLP have expressed an unmodified audit opinion on these financial results of the Company for the quarter and half year ended September 30, 2018.
- The Board of Directors of the Company at its meeting held on October 14, 2017 had approved the Composite Scheme of Arrangement ("Scheme") between the Company, IndusInd Bank Limited ("Bank") and the proposed wholly owned subsidiary of the Bank (to be incorporated subject to the receipt of approval from the Reserve Bank of India) ("Subsidiary") and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013, subject to receipt of applicable regulatory approvals.

In this regard, the amalgamation has been approved by the Competition Commission of India on December 19, 2017 and no objection has been issued by the Reserve Bank of India, the National Stock Exchange of India Limited and the BSE Limited on March 13, 2018, June 1, 2018 and June 4, 2018, respectively.

As on date, the Scheme remains subject to the receipt of approval from the National Company Law Tribunal, the respective shareholders and creditors of the Company and the Bank and other applicable statutory and regulatory approvals.



6. The Company is engaged primarily in the business of Micro- financing and accordingly there are no separate reportable segments as per Ind AS dealing with Operating Segment. The company operates in a single geographical segment i.e domestic.

Place: Hyderabad  
Date: October 24, 2018

For Bharat Financial Inclusion Limited  
CIN: L65999MH2003PLC250504

  
M. R. RAO  
Managing Director and CEO  
DIN- 03276291



CIN: L65191PN1994PL0076333

**IndusInd Bank**

October 15, 2018

**The Asst. Vice President  
Listing Department  
National Stock Exchange of India Ltd.**  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East), Mumbai – 400 051

**The Deputy General Manager  
Corporate Relationship Dept.  
BSE Ltd.**  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda Building, P. J. Towers  
Dalal Street, Fort  
Mumbai – 400 001

**NSE Symbol:** INDUSINDBK**BSE Scrip Code:** 532187

Madam / Dear Sir,

**Unaudited Financial Results and Limited Review Report – For the Quarter / Half-year ended September 30, 2018**

In compliance with Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we notify that the Board of Directors of the Bank, at their meeting held today in Mumbai, have approved inter alia, the Unaudited Financial Results of the Bank for the quarter / half-year ended September 30, 2018.

The Board also took note of the 'Limited Review Report' issued by the Bank's Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants.

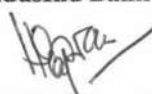
We forward herewith the above as enclosures.

The Board Meeting commenced at 11:15 a.m. and concluded at 1:20 p.m.

In compliance with Listing Regulations, the Unaudited Financial Results along with Limited Review Report are being hosted on the Bank's website at [www.indusind.com](http://www.indusind.com).

Kindly take the same on record and oblige.

Yours faithfully,  
**For IndusInd Bank Limited**

  
**Haresh K. Gajwani**  
Company Secretary

Encl. : a/a



IndusInd Bank Limited, 701-801 Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (E), Mumbai - 400 093, Maharashtra, India Tel: (022) 66412200 Fax: (022) 66412224


**Registered Office:** 2401 Gen. Thimmayya Road, Pune 411 001, India  
Tel.: (020) 2634 3201 Fax: (020) 2634 3241 Visit us at [www.indusind.com](http://www.indusind.com)  
CIN: L65191PN1994PLC076333

**Limited Review Report**

Review report to  
The Board of Directors  
IndusInd Bank Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of IndusInd Bank Limited (the 'Bank') for the quarter and half year ended September 30, 2018 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage Ratio" and "Liquidity Coverage Ratio" as have been disclosed on the Bank's website and in respect of which a link have been provided in aforesaid Statement have not been reviewed by us. This Statement is the responsibility of the Bank's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.
4. The comparative financial information of the Bank for the corresponding quarter and half year ended September 30, 2017, quarter ended June 30, 2018 were reviewed by predecessor auditor and the financial statements for the Bank for the year ended March 31, 2018, were audited by the predecessor auditor who expressed an unmodified conclusion on those financial information on October 12, 2017, July 10, 2018 and an unmodified opinion on April 19, 2018, respectively.

S.R. BATLIBOI & CO. LLP  
ICAI Firm registration number: 301003E/E300005  
Chartered Accountants



per Viren H. Mehta  
Partner  
Membership No.: 048749

Date: October 15, 2018  
Place: Mumbai



# IndusInd Bank

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

Unaudited Financial Results for the quarter / half year ended September 30, 2018

(Rs. in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2018 (unaudited)	Quarter ended 30.06.2018 (unaudited)	Quarter ended 30.09.2017 (unaudited)	Half year ended 30.09.2018 (unaudited)	Half year ended 30.09.2017 (unaudited)	Year ended 31.03.2018 (audited)
1.	<b>Interest Earned (a)+(b)+(c)+(d)</b>	543809	506815	420835	1050624	834386	1728075
(a)	Interest / Discount on Advances / Bills	445210	414662	329028	859872	656098	1369991
(b)	Income on Investments	91831	86103	76794	177934	149441	307438
(c)	Interest on balances with Reserve Bank of India and other inter bank funds	2744	1868	11080	4612	20930	32147
(d)	Others	4024	4182	3933	8206	7917	18499
2.	<b>Other Income</b>	131728	130160	118757	261888	235483	475010
3.	<b>Total Income (1+2)</b>	675537	636975	539592	1312512	1069869	2203085
4.	<b>Interest Expended</b>	323481	294572	238736	618053	474881	978330
5.	<b>Operating Expenses (i)+(ii)</b>	152812	151290	137506	304102	272785	559144
(i)	Employees Cost	45818	46204	44504	92022	86721	178069
(ii)	Other Operating Expenses	106994	105086	93002	212080	186064	381075
6.	<b>Total Expenditure (4+5) Excluding Provisions and Contingencies</b>	476293	445862	376242	922155	747666	1537474
7.	<b>Operating Profit before Provisions and Contingencies (3-6)</b>	199244	191113	163350	390357	322203	665611
8.	<b>Provisions (other than tax) and Contingencies</b>	59027	35001	29375	94028	60372	117543
9.	<b>Exceptional items</b>	-	-	-	-	-	-
10.	<b>Profit (+) / Loss (-) from Ordinary Activities before Tax (7-8-9)</b>	140217	156112	133975	296329	261831	548068
11.	<b>Tax Expense</b>	48192	52540	45965	100732	90166	187469
12.	<b>Net Profit (+) / Loss (-) from Ordinary Activities after Tax (10-11)</b>	92025	103572	88010	195597	171665	360599
13.	<b>Extraordinary items (net of tax expense)</b>	-	-	-	-	-	-
14.	<b>Net Profit for the period (12-13)</b>	92025	103572	88010	195597	171665	360599
15.	<b>Paid up Equity Share Capital (Face Value: Rs.10/- each)</b>	60130	60044	59887	60130	59887	60022
16.	<b>Reserves excluding revaluation reserves</b>						2287922
17.	<b>Analytical Ratios</b>						
(i)	Percentage of shares held by Government of India	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Capital Adequacy Ratio (%) - Basel III	14.28	14.70	15.63	14.28	15.63	15.03
(iii)	<b>Earnings per share - (Basic and Diluted) (Rs.)</b>						
(a)	Basic EPS before Extraordinary items (not annualized)	15.32	17.25	14.70	32.57	28.68	60.19
	Diluted EPS before Extraordinary items (not annualized)	15.17	17.08	14.54	32.26	28.38	59.57
(b)	Basic EPS after Extraordinary items (not annualized)	15.32	17.25	14.70	32.57	28.68	60.19
	Diluted EPS after Extraordinary items (not annualized)	15.17	17.08	14.54	32.26	28.38	59.57
(iv)	<b>NPA Ratios</b>						
(a)	Gross NPA	178136	174062	134528	178136	134528	170491
	Net NPA	78757	76235	53689	78757	53689	74567
(b)	Gross NPA (%)	1.09	1.15	1.08	1.09	1.08	1.17
	Net NPA (%)	0.48	0.51	0.44	0.48	0.44	0.51
(v)	<b>Return on Assets (%) (annualized)</b>	1.59	1.91	1.90	1.74	1.88	1.90



**Notes:**

- 1 There has been no material change in the accounting policies adopted during the quarter / half year ended September 30, 2018 as compared to those followed for the year ended March 31, 2018.
- 2 The working results for the quarter / half year ended September 30, 2018 have been arrived at after considering provision for standard assets, including requirements for exposures to entities with Unhedged Foreign Currency Exposure, non-performing assets (NPAs), depreciation on investments, income-tax and other usual and necessary provisions.
- 3 The above financial results for the quarter / half year ended September 30, 2018 were subjected to a Limited Review by the Statutory Auditors of the Bank. A clean report has been issued by them thereon. These financial results were reviewed by the Audit Committee and subsequently have been taken on record and approved by the Board of Directors at its meeting held on October 15, 2018.
- 4 RBI Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, as amended, on Basel III Capital Regulations contain guidelines on certain Pillar 3 and leverage ratio disclosure requirements that are to be made along with the publication of financial results. Accordingly, such applicable disclosures have been placed on the website of the Bank which can be accessed at the following link:  
<http://www.indusind.com/content/home/important-links/regulatory-disclosures-section.html>  
These disclosures have not been subjected to the Limited Review.
- 5 The Capital Adequacy Ratio is computed on the basis of RBI guidelines applicable on the relevant reporting dates and the ratio for the corresponding previous period is not adjusted to consider the impact of subsequent changes if any, in the guidelines.
- 6 Provisions (other than tax) and Contingencies:  
Advances granted to various companies belonging to a Group in the infrastructure sector, against certain identified cash flows and pertaining to specific assets, are classified as 'Standard' as at September 30, 2018 in compliance with RBI Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to the Advances Portfolio (IRAC norms) on the basis of the conduct of the accounts till date. Certain governance and management changes have taken place in this Group and measures to turn it around through a Resolution Plan are underway. Bank's management is monitoring the developments and implications of the Resolution Plan. In the interim, as a prudential measure, the Bank has made a contingent provision of Rs.275 crores on these 'Standard' assets which is included under Provisions (other than tax) and Contingencies during the quarter / half year ended September 30, 2018.
- 7 On March 14, 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd. (IL&FS), the Promoter Shareholders of IL&FS Securities Services Ltd. (ISSL), to acquire 100% of ISSL. Further to the Reserve Bank of India (RBI) approval dated April 03, 2018, a definitive Share Purchase Agreement has been signed on June 26, 2018 with IL&FS and other minority shareholders. While all regulatory approvals for the transaction have been obtained, the closing is pending fulfillment of certain conditions by the counterparties. As such, the proposed transaction does not have any bearing on the current financial results or the financial position of the Bank as at September 30, 2018.
- 8 On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement. The Competition Commission of India has approved the proposed Scheme and RBI has conveyed their 'No Objection' for the Scheme and an approval for incorporating a Wholly-Owned-Subsidiary to act as Business Correspondent of the Bank. The Scheme has 'no adverse remarks' from Securities and Exchange Board of India (SEBI), National Stock Exchange of India Limited and BSE Limited. In terms of the Scheme, IndusInd Financial Inclusion Limited has been incorporated on August 06, 2018 as a wholly owned subsidiary of the Bank with an initial subscribed capital of Rs. 70. An application is made to National Company Law Tribunal (NCLT) seeking directions to hold meeting of shareholders and creditors. The Scheme is subject to the approval of the respective shareholders and creditors of the Bank and BFIL. As such, the proposed transaction does not have any impact on the current financial results or the financial position of the Bank as at September 30, 2018.
- 9 During the quarter / half year ended September 30, 2018, the Bank allotted 858220 shares and 1073015 shares respectively, pursuant to the exercise of stock options by certain employees.
- 10 Previous period / year figures have been regrouped / reclassified, where necessary to conform to current period / year classification.

Mumbai  
October 15, 2018



Romesh Sobti  
Managing Director



# IndusInd Bank

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

Segment Reporting for the quarter / half year ended September 30, 2018

Business Segments:

(Rs. in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2018 (unaudited)	Quarter ended 30.06.2018 (unaudited)	Quarter ended 30.09.2017 (unaudited)	Half year ended 30.09.2018 (unaudited)	Half year ended 30.09.2017 (unaudited)	Year ended 31.03.2018 (audited)
<b>(a)</b>	<b>Segment Revenue :</b>						
(i)	Treasury Operations	105414	100029	109258	205443	214772	409520
(ii)	Corporate / Wholesale Banking	220689	207150	172432	427839	344743	703638
(iii)	Retail Banking	361252	346480	278872	707732	554896	1177915
(iv)	Other Banking Business	1513	1791	1580	3304	3062	7275
	<b>Total [ Items (i) to (iv) ]</b>	<b>688868</b>	<b>655450</b>	<b>562142</b>	<b>1344318</b>	<b>1117473</b>	<b>2298348</b>
	Less: Inter-segment Revenue	13331	18475	22550	31806	47604	95263
	<b>Total Income</b>	<b>675537</b>	<b>636975</b>	<b>539592</b>	<b>1312512</b>	<b>1069869</b>	<b>2203085</b>
<b>(b)</b>	<b>Segment Results :</b>						
(i)	Treasury Operations	7405	11397	18646	18802	35620	60579
(ii)	Corporate / Wholesale Banking	71782	64996	52286	136778	103269	212405
(iii)	Retail Banking	125072	119358	97287	244430	192851	411251
(iv)	Other Banking Business	524	617	551	1141	1064	2540
	<b>Total [ Items (i) to (iv) ]</b>	<b>204783</b>	<b>196368</b>	<b>168770</b>	<b>401151</b>	<b>332804</b>	<b>686775</b>
	Add: Unallocated Revenue	-	-	-	-	-	-
	Less: Unallocated Expenses	5539	5255	5420	10794	10601	21164
	<b>Operating Profit</b>	<b>199244</b>	<b>191113</b>	<b>163350</b>	<b>390357</b>	<b>322203</b>	<b>665611</b>
	Less: Provisions & Contingencies	59027	35001	29375	94028	60372	117543
	<b>Net Profit before tax</b>	<b>140217</b>	<b>156112</b>	<b>133975</b>	<b>296329</b>	<b>261831</b>	<b>548068</b>
	Less: Taxes including Deferred Taxes	48192	52540	45965	100732	90166	187469
	Extraordinary Profit / Loss	-	-	-	-	-	-
	<b>Net Profit</b>	<b>92025</b>	<b>103572</b>	<b>88010</b>	<b>195597</b>	<b>171665</b>	<b>360599</b>
<b>(c)</b>	<b>Other Information :</b>						
	<b>Segment Assets</b>						
(i)	Treasury Operations	6032126	6039447	5108688	6032126	5108688	5696978
(ii)	Corporate / Wholesale Banking	7603006	7069379	5621187	7603006	5621187	6816750
(iii)	Retail Banking	10045939	8870993	7954068	10045939	7954068	8629631
(iv)	Other Banking Business	-	-	-	-	-	-
	Unallocated Assets	1150917	908096	819226	1150917	819226	1019257
	<b>Total Assets</b>	<b>24831988</b>	<b>22887915</b>	<b>19503169</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>
	<b>Segment Liabilities</b>						
(i)	Treasury Operations	4372805	3767156	2415186	4372805	2415186	3871743
(ii)	Corporate / Wholesale Banking	7653483	7144058	6328341	7653483	6328341	6723430
(iii)	Retail Banking	9334357	8909370	7965667	9334357	7965667	8583383
(iv)	Other Banking Business	-	-	-	-	-	-
	Unallocated Liabilities	934892	575205	596820	934892	596820	599896
	<b>Capital &amp; Other Reserves</b>	<b>2536451</b>	<b>2492126</b>	<b>2197155</b>	<b>2536451</b>	<b>2197155</b>	<b>2384164</b>
	<b>Total Liabilities</b>	<b>24831988</b>	<b>22887915</b>	<b>19503169</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>

Mumbai  
October 15, 2018

  
Romesh Sobti  
Managing Director





# IndusInd Bank

Regd. Office : 2401, Gen. Thimmayya Road, Cantonment, Pune 411 001  
CIN : L65191PN1994PLC076333

## Summarised Balance Sheet

	(Rs. in lakhs)		
	As at 30.09.2018	As at 30.09.2017	As at 31.03.2018
	(unaudited)	(unaudited)	(audited)
<b>CAPITAL AND LIABILITIES</b>			
Capital	60130	59887	60022
Employee Stock Options Outstanding	1119	1581	1457
Reserves and Surplus	2475202	2135687	2322685
Deposits	16821928	14144058	15163917
Borrowings	4282805	2355768	3828908
Other Liabilities and Provisions	1190804	806188	785627
<b>Total</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	876534	635746	1096241
Balances with Banks and Money at Call and Short Notice	956721	1195126	225347
Investments	5008846	4214594	5007672
Advances	16314434	12318082	14495366
Fixed Assets	136336	134821	133875
Other Assets	1539117	1004800	1204115
<b>Total</b>	<b>24831988</b>	<b>19503169</b>	<b>22162616</b>



Romesh Sobti  
Managing Director

Mumbai  
October 15, 2018







(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh  
Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000  
F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BHARAT FINANCIAL INCLUSION LIMITED AT ITS MEETING HELD ON OCTOBER 14, 2017 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

**1. Background**

- 1.1 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("Act") requires the directors to adopt a report ("**Report**") explaining (i) the effect of the arrangement under the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Amalgamating Company**" or "**Company**"), IndusInd Bank Limited ("**Amalgamated Company**" or "**IBL**") and a wholly owned subsidiary of the Amalgamated Company to be incorporated ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**") on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties. The said Report is required to be circulated to the equity shareholders and the secured creditors at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law Tribunal, Mumbai bench ("**NCLT**").
- 1.2 This Report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.3 The following documents were placed before the Board:
- 1.3.1 Draft Scheme as recommended by the Audit Committee of the Company;
- 1.3.2 Valuation report dated October 13, 2017 prepared jointly by S. R. Batliboi & Co. LLP and Deloitte Haskins & Sells ("**Joint Valuation Report**");
- 1.3.3 Fairness Opinion dated October 13, 2017 issued by Credit Suisse Securities (India) Private Limited, a Category-I Merchant Banker ("**Fairness Opinion**");
- 1.3.4 Certificate from the statutory auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Act and other generally accepted principles; and
- 1.3.5 Report of the Audit Committee of the Board of Directors dated October 13, 2017.
- 1.4 The proposed Scheme was approved by the Board of Directors of the Company ("**Board**") at its meeting held on October 14, 2017 based on the recommendation of the Audit Committee.

**2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders), employees and key managerial personnel of the Company:**

- 2.1 Equity shareholders (promoter and non-promoter shareholders): The Scheme provides for the amalgamation of the Company with the Amalgamated Company by way of merger by absorption and dissolution of the Company without winding up and consequent issuance of IBL Shares (*as defined in the Scheme*) by the Amalgamated Company to the shareholders of the Company as per the following share exchange ratio ("**Share Exchange Ratio**"):

*639 (Six Hundred and Thirty Nine) IBL Shares, credited as fully paid-up, for every 1,000 (One Thousand) equity share of the face value of INR 10/- (Rupees Ten Only) each fully paid-up held by such member in the Company.*



Regional Offices: Ambala | Aurangabad | Bangalore | Bhagalpur | Bhawanipatna | Bhopal | Bhubaneswar | Cuttack | Dharwad | Jabalpur | Jaipur  
Kalburgi | Kochi | Kolkata | Lucknow | Meerut | Muzaffarpur | Nagpur | Patna | Pune | Raipur | Ranchi | Sambalpur | Siliguri | Varanasi



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

The Share Exchange Ratio is based on the Joint Valuation Report and the Fairness Opinion. The Joint Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Company and have come to the conclusion that Share Exchange Ratio is fair and reasonable.

The IBL Shares to be issued and allotted by the Amalgamated Company in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company and shall rank *pari passu* in all respects and shall have the same rights attached to them the then existing equity shares of the Amalgamated Company.

Pursuant to the Scheme, the promoters of the Company, upon issuance of IBL Shares, shall be classified as "public shareholders of the Amalgamated Company.

Key Managerial Personnel: There is no effect of the Scheme on the key managerial personnel of the Company. The key managerial personnel of the Company, holding shares in the Company, do not have any other interest in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the key managerial personnel of the Company have any material interest in the Scheme except the appointment of Mr. M. R. Rao, the Managing Director & CEO of the Company as the Managing Director of the Transferee Company.

2.2 Employees: Pursuant to Clauses 17 and 51 of the Scheme and upon the Scheme coming into effect, all BFIL Employees (as defined in the Scheme) shall become the employees of the Amalgamated Company/Transferee Company, subject to the provisions thereof without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Company and without any interruption of service as a result of the Scheme. In the circumstances, the rights of BFIL Employees would in no way be affected by the Scheme.

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

For **Bharat Financial Inclusion Limited**  
(formerly known as 'SKS Microfinance Limited')

M.R. Rao  
Managing Director and Chief Executive Officer  
DIN: 03276291



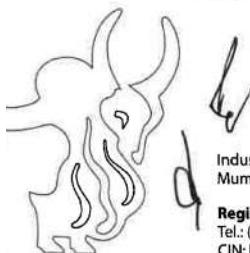
Date: October 14, 2017  
Place: Mumbai

# IndusInd Bank

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDUSIND BANK LIMITED (“BANK”) IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, BY CIRCULAR RESOLUTION PASSED ON WEDNESDAY, SEPTEMBER 26, 2018.**

1. The Board of Directors (“Board”) of the Bank at its meeting held on October 14, 2017 approved a draft of the proposed composite scheme of arrangement amongst the Bank, Bharat Financial Inclusion Limited (earlier known as ‘SKS Microfinance Limited’) (“BFIL”), IndusInd Financial Inclusion Limited (“IFIL”), and their respective shareholders and creditors (“Scheme”), which involves *inter alia*, the following:
  - (a) the voluntary amalgamation of BFIL with the Bank by way of merger by absorption, and dissolution of BFIL without winding up and the consequent issuance of equity shares of the Bank to the shareholders of BFIL in accordance with the Scheme (“Amalgamation”);
  - (b) the preferential allotment of the share warrants (“Warrants”) by the Bank to the promoters of the Bank (“Preferential Allotment”); and
  - (c) the transfer of the undertaking in relation to the business correspondent activities of BFIL transferred to the Bank pursuant to the Scheme (the “Transferred Undertaking”), as a going concern, on a slump sale basis, from the Bank to IFIL, in exchange for the equity shares of IFIL to the Bank (“Slump Exchange”),
  - (d) the grant of Special Incentive IBL Options (*as defined in the Scheme*) to specified BFIL Employees (*as defined in the Scheme*) transferred to the Bank or IFIL pursuant to the Scheme; and
  - (e) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Bank,

pursuant to Sections 230 - 232 and other relevant provisions of the Companies Act, 2013 (“Act”) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.
2. As per Section 232(2)(c) of the Act, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Bank laying out in particular the Share Exchange Ratio (*as specified below*), specifying any special valuation difficulties (“Report”).
3. The following approvals have been obtained in relation to the Scheme:
  - Approval from the Competition Commission of India - December 19, 2017;
  - No-objection from the RBI for the Scheme – March 13, 2018;



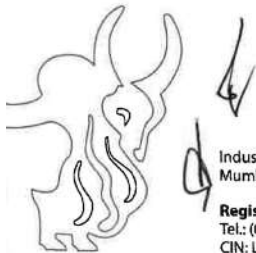
IndusInd Bank Limited, 701-801 Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (E), Mumbai - 400 093, Maharashtra, India Tel: (022) 66412200 Fax: (022) 66412224

Registered Office: 2401 Gen. Thimmayya Road, Pune 411 001, India  
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CIN: L65191PN1994PLC076333



# IndusInd Bank

- No-objection on the draft Scheme from the National Stock Exchange of India Limited - June 1, 2018;
  - No-objection on the draft Scheme from the BSE Limited - June 4, 2018;
  - Approval from the RBI for incorporation of IFIL by the Bank - June 8, 2018
4. Having regard to the applicability of the aforesaid provision, the Scheme and the following documents are placed before the Board:
- (a) Joint Valuation Report dated October 13, 2017 issued by S.R Batliboi & Co. LLP, Independent Valuers appointed by BFIL, and Deloitte Haskins & Sells, Independent Valuers appointed by the Bank (together, the “**Valuers**”), together with a supplementary letter dated October 13, 2017 issued by Deloitte Haskins and Sells, for the purposes of arriving at the Share Exchange Ratio describing *inter alia* the methodology adopted by the Valuers in arriving at the Share Exchange Ratio for the proposed Amalgamation (the “**Valuation Report**”), and the workings and calculations for the valuation derived in the valuation table provided in the Joint Valuation Report, as well as the methods used for such valuation;
  - (b) Fairness Opinion dated October 13, 2017 issued by Morgan Stanley India Company Private Limited, a SEBI Registered Merchant Banker, on the valuation of the shares to be issued to the shareholders of BFIL, pursuant to the Amalgamation (“**Fairness Opinion**”);
  - (c) Statutory Auditors’ Certificate dated March 23, 2018 issued by Price Waterhouse Chartered Accountants LLP, the statutory auditors of the Bank as required under Section 232(3) of the Companies Act, 2013 and the SEBI Circular CFD/DIL.3/CIR/2017/21 dated March 10, 2017, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;
  - (d) Pricing Certificate dated March 21, 2018 issued by Bhandari & Associates, Company Secretaries, certifying that the pricing for the preferential allotment of the Warrants by the Bank in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 read the SEBI Circular CFD/DIL.3/CIR/2017/26 dated March 23, 2017;
  - (e) Valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants appointed by IFIL, specifying the book value of the Transferred Undertaking as on the appointed date (i.e. January 1, 2018) and the number of equity shares to be issued by IFIL to the Bank in consideration for the Slump Exchange.
5. **Rationale of the Scheme**
- (a) The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive



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# IndusInd Bank

synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.

- (b) The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
- (c) BFIL has a commercially established model in the microfinance segment. The Amalgamation shall provide the Bank access to BFIL's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- (d) The Amalgamation would offer the Bank a deeper reach in the low income segment, and also increase the access of BFIL's customer base to the Bank's wide array of products and services.
- (e) The Bank can, pursuant to the Amalgamation, leverage BFIL's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both BFIL and the Bank.
- (f) The Preferential Allotment to the promoters of the Bank is being made to obtain upfront capital commitment and support for the growth and expansion of the Bank following the Amalgamation. The same shall result in bolstering the capital base and balance sheet of the Bank and shall provide growth capital for its future growth.
- (g) The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Bank with access to dedicated business correspondent services through IFIL which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Bank in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Bank, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services -- Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

## 6. Effect of Scheme on stakeholders

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Shareholders (including GDR holders)	(i) Upon the Scheme becoming effective and in consideration of the Amalgamation, the Bank shall allot equity shares, credited as fully paid-up, to the members of BFIL, holding fully paid up equity shares in BFIL and whose names appear

3



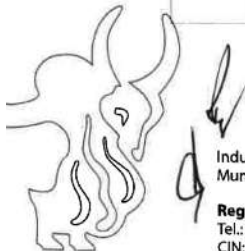
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# IndusInd Bank

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
		<p>in the register of members of BFIL on a specific record date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the record date in the following manner: “639 (Six Hundred and Thirty Nine) Equity Shares of shares of the Bank of INR 10/- each fully Paid-Up for every 1,000 (One Thousand) Equity Shares of BFIL of INR 10/- each fully Paid-Up” (“Share Exchange Ratio”).</p> <p>(ii) Pursuant to the Amalgamation, the Bank shall, as an integral part of the Scheme, issue and allot to the promoters of the Bank, on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) Warrants, each convertible into 1 (one) share of the Bank, such that upon exercise of all the Warrants, and together with the shares already held by them, the promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Bank on a fully diluted basis.</p> <p>(iii) Pursuant to the Amalgamation, the Transferred Undertaking shall be transferred from the Bank to IFIL, as a going concern, on a slump sale basis, in exchange for 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand Five Hundred only) equity shares of IFIL to the Bank (“Slump Exchange Shares”).</p> <p>(iv) The shares allotted to shareholders of BFIL by the Bank as set out above shall rank <i>pari passu</i> in all respects with the then existing equity shares of the Bank and shall be listed on BSE Limited and National Stock Exchange of India Limited.</p> <p>(v) The authorised share capital of the Bank will be increased to INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) comprising of 85,70,00,000 equity shares of INR 10 (Rupees Ten) each, in accordance with the provisions of the Act, pursuant to the Scheme.</p> <p>(vi) The Amalgamation will result in dilution of holding of the shareholders of the Bank by approximately 12.92% and in turn an increase in the public float of the Bank’s shares to that extent. This will in turn increase the trading stock of the shares of the Bank.</p>

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# IndusInd Bank

S. NO	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
(vii)	Promoters	Please refer to point 1(ii) above for details regarding the Preferential Allotment to the promoters.
(viii)	Non-Promoter Shareholders	Please refer to point 1 above for details regarding effect on the shareholders.
(ix)	Key Managerial Personnel ("KMPs")	The KMPs of the Applicant Company shall continue as key managerial personnel of the Applicant Company after effectiveness of the Scheme.  Please refer to point (i) above for details regarding the effect of the Scheme on such KMPs who are also shareholders of the Bank.  Other than the above, the KMPs are not affected pursuant to the Scheme.
(x)	Employees	Under the Scheme, no rights of the staff and employees of the Bank are being affected.
(xi)	Creditors	Under the Scheme, no arrangement is sought to be entered into between the Bank and its creditors. The Scheme is expected to be in the best interest of the Bank's creditors.

## 7. Valuation

### *Share Exchange Ratio*

- For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by both the Bank and BFIL in terms of the SEBI Scheme Circular, circular no. LIST/COMP/02/2017-18 dated May 29, 2017 issued by BSE Limited and circular no. NSE/CML/2017/12 dated June 1, 2017 issued by the National Stock Exchange of India Limited.
- The Valuers have not expressed any difficulty while carrying out the valuation.
- The Valuers have considered the Earnings Capitalization Value Method ("ECV"), the Comparable Companies Quoted Multiples Method ("CCM"), Discounted Cash Flows Method ("DCF"), Net Asset Value Method ("NAV") and the Market Price Method ("MPM") for determining the relative value of the shares of the Applicant Company and BFIL in order to arrive at the Share Exchange Ratio for the Scheme.

However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that CCM and NAV Method are of limited relevance and have based their valuation on ECV, MPM and DCF methods, by assigning appropriate weightages as under:

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# IndusInd Bank

- Weightage given by S.R. Batliboi:
  - DCF: 50%
  - MPM: 50%
- Weightage given by Deloitte Haskins & Sells
  - ECV: 50%
  - MPM: 50%

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the businesses based on the methodologies explained in the Valuation Report and various qualitative factors relevant to each business.

- (d) The recommendation of the Share Exchange Ratio has been certified as being a fair valuation and has been approved by the audit committee of the Bank, the Board of the Bank, Board of BFIL and the audit committee of BFIL.

## Slump Exchange

- (e) The Slump Exchange Shares to be issued in consideration for the Slump Exchange has been taken on record by the Bank after taking into consideration the valuation report dated August 13, 2018, issued by MSKA & Associates, Chartered Accountants, specifying the book value of the Transferred Undertaking as on the appointed date of the Scheme. MSKA & Associates have not expressed any difficulty while carrying out the valuation.

## 8. Adoption of the Report by the Directors

The directors of the Bank have adopted this Report after noting and considering the information set forth in this Report. The Board or any duly authorised committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For INDUSIND BANK LIMITED



**Romesh Sobti**  
**Managing Director**  
**DIN No. 00031034**  
Date September 26, 2018  
Place; Mumbai





**IndusInd Financial Inclusion Limited**

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDUSIND FINANCIAL INCLUSION LIMITED BY CIRCULATION NO. 1/2018-19 ON WEDNESDAY, SEPTEMBER 26, 2018 IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013.**

1. The Board of Directors (“**Board**”) of IndusInd Financial Inclusion Limited (“**IFIL**”) at its meeting held on August 14, 2018 approved a draft of the proposed composite scheme of arrangement amongst IndusInd Bank Limited (“**IBL**”), Bharat Financial Inclusion Limited (earlier known as ‘SKS Microfinance Limited’) (“**BFIL**”) and IFIL, and their respective shareholders and creditors (“**Scheme**”), which involves *inter alia*, the following:
  - (a) the voluntary amalgamation of BFIL with IBL by way of merger by absorption, and dissolution of BFIL without winding up and the consequent issuance of equity shares of IBL to the shareholders of BFIL in accordance with the Scheme (“**Amalgamation**”);
  - (b) the preferential allotment of the share warrants (“**Warrants**”) by IBL to the promoters of IBL (“**Preferential Allotment**”); and
  - (c) the transfer of the undertaking in relation to the business correspondent activities of BFIL transferred to IBL pursuant to the Scheme (the “**Transferred Undertaking**”), as a going concern, on a slump sale basis, from IBL to IFIL, in exchange for the equity shares of IFIL to IBL (“**Slump Exchange**”),
  - (d) the grant of Special Incentive IBL Options (*as defined in the Scheme*) to specified BFIL Employees (*as defined in the Scheme*) transferred to the Bank or IFIL pursuant to the Scheme; and
  - (e) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Bank,

pursuant to Sections 230 - 232 and other relevant provisions of the Companies Act, 2013 (“**Act**”) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: companysecretary@indusind.com

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## IndusInd Financial Inclusion Limited

2. As per Section 232(2)(c) of the Act, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, laying out in particular the Share Exchange Ratio (*as specified below*), specifying any special valuation difficulties (“**Report**”).
3. The following approvals have been obtained in relation to the Scheme:
  - Approval from the Competition Commission of India - December 19, 2017;
  - No-objection from the RBI for the Scheme – March 13, 2018;
  - No-objection on the draft Scheme from the National Stock Exchange of India Limited - June 1, 2018;
  - No-objection on the draft Scheme from the BSE Limited – June 4, 2018;
  - Approval from the RBI for incorporation of IFIL by IBL – June 8, 2018
4. Having regard to the applicability of the aforesaid provision, the Scheme and the following documents are placed before the Board:
  - (a) Statutory Auditors’ Certificate dated August 14, 2018 issued by S.R. Batliboi & Co. LLP, the statutory auditors of IFIL as required under Section 232(3) of the Companies Act, 2013, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;
  - (b) Valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants appointed by IFIL, specifying the book value of the Transferred Undertaking as on the appointed date (i.e. January 1, 2018) and the number of equity shares to be issued by IFIL to IBL in consideration for the Slump Exchange.
5. **Rationale of the Scheme**
  - (a) The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: [companysecretary@indusind.com](mailto:companysecretary@indusind.com)

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## IndusInd Financial Inclusion Limited

- (b) The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
- (c) BFIL has a commercially established model in the microfinance segment. The Amalgamation shall provide IBL access to BFIL's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
- (d) The Amalgamation would offer IBL a deeper reach in the low income segment, and also increase the access of BFIL's customer base to IBL's wide array of products and services.
- (e) IBL can, pursuant to the Amalgamation, leverage BFIL's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both BFIL and IBL.
- (f) The Preferential Allotment to the promoters of IBL is being made to obtain upfront capital commitment and support for the growth and expansion of IBL following the Amalgamation. The same shall result in bolstering the capital base and balance sheet of IBL and shall provide growth capital for its future growth.
- (g) The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide IBL with access to dedicated business correspondent services through IFIL which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help IBL in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable IBL, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: [companysecretary@indusind.com](mailto:companysecretary@indusind.com)

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## IndusInd Financial Inclusion Limited

### 6. Effect of Scheme on stakeholders

S. No	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
A.	Shareholders	<p>IFIL is a wholly owned subsidiary of IBL and only has equity shareholders and does not have any preference shareholders.</p> <p>Upon the Scheme becoming effective and in consideration of transfer and vesting of the Transferred Undertaking from IBL to IFIL in terms of this Scheme, IFIL shall allot 4,37,03,500 equity shares of face value Rs. 10/- each, credited as fully paid-up, to IBL (“<b>Slump Exchange Shares</b>”).</p> <p>IFIL shall remain a wholly owned subsidiary of IBL pursuant to the effectiveness of the Scheme.</p>
B.	Promoters	<p>IFIL is a wholly owned subsidiary of IBL.</p> <p>Pursuant to the Scheme, fresh equity shares stated in (A) above, shall be issued by IFIL to IBL.</p>
C.	Non-Promoter Shareholders	Not Applicable.
D.	Key Managerial Personnel (“KMPs”)	The KMPs of IFIL will not be affected by the Scheme.
E.	Employees	Under the Scheme, no rights of the staff and employees of the Bank are being affected.
F.	Creditors	As of the date of this notice, IFIL has no secured creditor and has only one unsecured creditor - IBL. The Scheme will not have any adverse impact on IBL in its capacity as unsecured creditor of IFIL.

CIN No. U65999MH2018PLC312539

**IndusInd Financial Inclusion Limited**

**Regd. Office:** One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: companysecretary@indusind.com

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## IndusInd Financial Inclusion Limited

### 7. Valuation

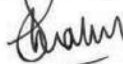
The Slump Exchange Shares to be issued in consideration for the Slump Exchange has been taken on record by IFIL after taking into consideration the valuation report dated August 13, 2018 issued by MSKA & Associates, Chartered Accountants, specifying the book value of the Transferred Undertaking as on the appointed date. MSKA & Associates have not expressed any difficulty while carrying out the valuation.

### 8. Adoption of the Report by the Directors

The directors of IFIL have adopted this Report after noting and considering the information set forth in this Report. The Board or any duly authorised committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For IndusInd Financial Inclusion Limited,



  
Sanjay Mallik  
Director  
DIN No. 08194530

Date: September 26, 2018  
Place: Mumbai

CIN No. U65999MH2018PLC312539

IndusInd Financial Inclusion Limited

Regd. Office: One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.

Email: companysecretary@indusind.com

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भारतीय प्रतिस्पर्धा आयोग  
**COMPETITION COMMISSION OF INDIA**

By e-mail and speed post

Comb. Reg. No.: C-2017/11/535

19<sup>th</sup> December, 2017

To

1. Mr. J Sridharan  
 Head Finance & MIS  
 IndusInd Bank Limited  
 2401, General Thimmayya Road  
 Cantonment, Pune  
Maharashtra 411 001, India
2. Mr. Rajendra Patil  
 Executive Vice President - Legal and Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, "Madhava", Bandra-Kurla Complex  
 Bandra (East), Mumbai  
Maharashtra 400 051, India

**Subject:** Communication under sub-regulation (5) of Regulation 28 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011

Reference is invited to the notice (bearing Registration No.C-2017/11/535) jointly filed by IndusInd Bank Limited and Bharat Financial Inclusion Limited on 15<sup>th</sup> November, 2017 under sub-section (2) of Section 6 of the Competition Act, 2002 ("Act")

2. In this regard, you are hereby informed that the Commission, in its meeting held today, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Act.
3. The order of the Commission in this regard will follow.

  
 (Smita Jhingran)  
 Secretary

Cc:

1. Mr. Bharat Budholia- Partner  
 Ms. Aishwarya Gopalakrishnan, Senior Associate  
 Cyril Amarchand Mangaldas  
 5<sup>th</sup> Floor, Peninsula Chambers, Peninsula Corporate Park  
 Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra.
2. Mr. Samir Gandhi, Partner / Ms. Aditi Gopalakrishnan, Senior Associate  
 AZB & Partners  
 Plot No. A8, Sector 4, Noida – 201301.



भारतीय प्रतिस्पर्धा आयोग  
**COMPETITION COMMISSION OF INDIA**

By e-mail and speed post

Comb. Reg. No.: C-2017/11/535/940

19<sup>th</sup> January, 2018

To

1. Mr. J Sridharan  
 Head Finance & MIS  
 IndusInd Bank Limited  
 2401, General Thimmayya Road  
 Cantonment, Pune  
Maharashtra 411 001, India

2. Mr. Rajendra Patil  
 Executive Vice President - Legal and Company Secretary  
 Bharat Financial Inclusion Limited  
 Unit No. 410, "Madhava", Bandra-Kurla Complex  
 Bandra (East), Mumbai  
Maharashtra 400 051, India

Subject: Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 (bearing registration No. C-2017/11/535).

1. The Commission has passed an order under sub-section (1) of Section 31 of the Competition Act, 2002 ("Act") with respect to the notice filed under sub-section (2) of Section 6 of the Act.
2. Certified copy is enclosed herewith for your information.
3. Please acknowledge receipt of the Order.

  
 (Smita Jhingran)  
 Secretary

Encl: As above.

Cc:

1. Mr. Bharat Budholia- Partner  
 Ms. Aishwarya Gopalakrishnan, Senior Associate  
 Cyril Amarchand Mangaldas  
 5<sup>th</sup> Floor, Peninsula Chambers, Peninsula Corporate Park  
 Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra.
2. Mr. Samir Gandhi, Partner / Ms. Aditi Gopalakrishnan, Senior Associate  
 AZB & Partners  
 Plot No. A8, Sector 4, Noida – 201301.

Hindustan Times House, (3<sup>rd</sup>, 4<sup>th</sup>, 7<sup>th</sup> & 11<sup>th</sup> Floor), 18-20, Kasturba Gandhi Marg, New Delhi-110 001, INDIA  
 Phone : + 91-11-23473400 Fax : + 91-11-23704686 Website : www.cci.aov.in



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2017/11/535)

19.12.2017

**Notice under Section 6(2) of the Competition Act, 2002 given by IndusInd Bank Limited and Bharat Financial Inclusion Limited**

**CORAM:**

Mr. S. L. Bunker  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal representative for:**

IndusInd Bank Limited: *Cyril Amarchand Mangaldas*  
Bharat Financial Inclusion Limited: *AZB & Partners*

**Order under Section 31(1) of the Competition Act, 2002**

1. On 15.11.2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), jointly given by IndusInd Bank Limited (“**IBL**”) and Bharat Financial Inclusion Limited (“**BFIL**”). The notice was filed with the Commission pursuant to resolutions passed by the respective Board of Directors of IBL and BFIL, each dated 14.10.2017 and execution of an Implementation Agreement dated 14.10.2017 between IBL and BFIL (hereinafter, IBL and BFIL are collectively referred to as the “**Parties**”).
2. The proposed combination envisages the following steps:

C-2017/11/535







- i. amalgamation of BFIL into IBL (“**Amalgamation**”), in consideration of which IBL will issue its share to the shareholders of BFIL in accordance with the share entitlement ratio as set out in the Scheme of Arrangement under Sections 230-232 of the Companies Act, 2013;
  - ii. allotment, on a preferential basis, of share warrants convertible into one share of IBL, to IndusInd International Holdings Limited (“**IIHL**”) and IndusInd Limited (“**IL**”) (collectively, “**IBL Promoters**”), as an integral part of the Scheme, in a manner such that the IBL Promoters will hold up to 15 per cent (on an aggregate basis) of the total expanded issued and paid up equity share capital of IBL on a fully diluted basis; and
  - iii. post the Amalgamation, transfer of the undertaking of IBL in relation to the Business Correspondent Business, as a going concern from IBL to its wholly-owned subsidiary (“**Subsidiary**”) by way of a slump exchange, in consideration for which the Subsidiary will issue its equity shares to IBL.
3. It has been stated in the notice that steps (ii) and (iii) are not notifiable to the Commission under Section 6(2) of the Act, on a standalone basis. However, in terms of Regulation 9(4) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), Parties have filed a single notice, covering all interconnected transactions (one or more of which is notifiable).
4. IBL is a private sector bank engaged in providing a range of banking and financial services to individual consumers, corporate and commercial entities. It has been stated that in addition to its core activities, IBL also provides small and affordable financial services in under-served areas through business correspondent arrangements with non-banking financial company - micro finance institutions (“**NBFC-MFIs**”).
5. BFIL is a listed public company and is registered with the Reserve Bank of India as NBFC-MFI. It is stated to be primarily engaged in providing small value loans and





certain other basic financial services to women, prominently in rural areas in India. BFIL also acts as a collection agent for portfolio which is securitized to several banks.

6. On the basis of information provided by the Parties, the Commission observed that the proposed combination primarily relates to the micro finance sector as both IBL and BFIL are engaged in providing microfinance services. Accordingly, there exists a horizontal overlap between the activities undertaken by the Parties. In this regard, the Parties have submitted that there are different institutional sources of micro finance loans in India, namely micro finance institutions, scheduled commercial banks, small finance banks, etc. In addition, the micro finance sector is marked with the presence of a huge number of unorganized/individual lenders also. From a supply side perspective, the customers can avail of micro financing from any of these entities. Accordingly, the Parties have delineated the relevant product market as the market for provision of micro finance loans, by organized financial institutions as well as by the unorganized sector *i.e.* non-institutional lenders.
7. In relation to the relevant geographic market, the Parties are of the view that given their pan-India presence, absence of any regulatory barriers in the provision of micro finance services *inter-se* the States and homogenous nature of the micro finance services provided by the Parties across India, the relevant geographic market for the proposed combination may be considered as the territory of India.
8. The Commission assessed the horizontal overlap between the Parties in different plausible relevant markets. Based on its assessment, the Commission is of the view that the combined market share of the Parties in all such markets is insignificant to raise any competition concerns as such. In addition to the market share data, it is further noted that the relevant market is characterized by presence of several other players, including public sector banks. Accordingly, the horizontal overlap between the Parties is not likely to result in any appreciable adverse effect on competition in India.
9. In relation to the vertical linkages involved in the proposed combination, it is noted that IBL provides micro finance services through business correspondent arrangements with various NBFC-MFIs, including BFIL through the Business Correspondent Agreement





dated 01.10.2014 with BFIL (“BCA”). Under the BCA, BFIL *inter alia* assists IBL in administering the extension of finance to borrowers and in collecting repayments from the borrowers.

10. Further, NBFC-MFIs mobilize resources through various ways, including obtaining loans from banks and other financial institutions, debentures, *etc.* for onward lending to micro finance borrowers. In the present matter, IBL has sanctioned a term loan to BFIL for provision of credit facilities for micro financing. Thus, IBL is placed vertically upstream to BFIL in regard to relevant market for provision of credit facilities for micro financing also.
11. The Commission assessed the possibility of vertical foreclosure, if any, that could result in the aforementioned vertical markets and the downstream market for provision of micro finance services and observed that the Parties have a limited presence in such markets. Therefore, the proposed combination is not likely to result in any input or customer foreclosure so as to appreciably adverse competition in any relevant market.
12. Since the proposed combination is not likely to cause any appreciable adverse effect on competition in any of the alternative and plausible relevant markets that may be defined, the Commission decided that the exact delineation of the relevant market may be left open in the instant matter.
13. Considering the facts on record, details provided in the notice and an assessment of the proposed combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and, therefore, hereby approves the same under sub-section (1) of Section 31 of the Act.
14. This order shall stand revoked if, at any time, information provided by the Parties is found to be incorrect.
15. The information provided by the Parties is confidential at this stage, in terms of, and subject to provisions of Section 57 of the Act.

C-2017/11/535





16. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

*Anil Kumar Vashisht*  
19/11/2018

ANIL KUMAR VASHISHT  
Assistant Director  
Competition Commission of India  
New Delhi



**APPLICABLE INFORMATION PERTAINING TO THE TRANSFEREE COMPANY IN THE  
FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS**

This document contains applicable information pertaining to the unlisted company, IndusInd Financial Inclusion Limited (the "**Transferee Company**") in relation to the composite scheme of arrangement amongst IndusInd Bank Limited ("**Amalgamated Company**"), Bharat Financial Inclusion Limited ("**Amalgamating Company**"), the Transferee Company and their respective shareholders and creditors ("**Scheme**"), under Sections 230-232 of the Companies Act, 2013 ("**Act**") read with the applicable provisions and rules there under, and other applicable laws.

This document is being issued pursuant to Circular no. CFD/ DIL/ 3/ CIR/ 2017/ 21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("**SEBI**") ("**SEBI Scheme Circular**"). The Scheme is also available on the website of the Amalgamated Company, viz. <http://www.indusind.com/content/home/investor/shareholders-corner/corporate-announcements.html> BSE Limited ("**BSE**") at [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited ("**NSE**") at [www.nseindia.com](http://www.nseindia.com).

Nothing in this document constitutes an offer or an invitation by or on behalf of the Amalgamated Company, Amalgamating Company or the Transferee Company to subscribe for or purchase any securities of the Transferee Company.

Capitalized words not defined herein shall have the meaning ascribed under the Scheme.

**THIS DOCUMENT CONTAINS '10' PAGES.  
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES**

**This document dated October 17, 2018 should be read together with the Scheme and the notice to  
the shareholders of the Amalgamated Company in connection with the Scheme**

**PROCEDURE**

The procedure with respect to public issue/ offer is not applicable to the Transferee Company as the Transferee Company is unlisted and issuance of equity shares of the Transferee Company would be limited to the Amalgamated Company, in accordance with the Scheme.

**INDUSIND FINANCIAL INCLUSION LIMITED**

**Registered Office:** One Indiabulls Centre Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400 013

**Telephone:** 022 66412361

**Fax:** 022 30493998

**Email:** [alok.desai@indusind.com](mailto:alok.desai@indusind.com)

**Corporate Identification Number:** U65999MH2018PLC312539

**Contact Person:** Mr. Alok Suryakant Desai

Website: NIL

**PROMOTER OF THE TRANSFEREE COMPANY**

IndusInd Bank Limited

**DETAILS OF THE SCHEME**



The Scheme provides for, *inter alia*, the following:

1. the amalgamation of the Amalgamating Company with the Amalgamated Company by way of merger by absorption, and dissolution of the Amalgamating Company without winding up and the consequent issuance of equity shares of the Amalgamated Company to the shareholders of the Amalgamating Company in accordance with the Scheme (“**Amalgamation**”);
2. the preferential allotment of the share warrants (“**Warrants**”) by the Amalgamated Company to the promoters of the Amalgamated Company (“**Preferential Allotment**”);
3. pursuant to the Amalgamation, the transfer of the BC Business (as defined in the Scheme) of the Amalgamating Company transferred to the Amalgamated Company pursuant to the Scheme (“**Transferred Undertaking**”), as a going concern, on a slump sale basis, from the Amalgamated Company to the Transferee Company, in exchange for issuance of equity shares of the Transferee Company to the Amalgamated Company (“**Slump Exchange**”),
4. the grant of Special Incentive IBL Options (as defined in the Scheme) to specified BFIL Employees (as defined in the Scheme) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme; and
5. various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Amalgamated Company,

pursuant to Sections 230 - 232 and other relevant provisions of the Act in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961. The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

The Scheme has received the following approvals:

- The Competition Commission of India has, at its meeting held on December 19, 2017, considered the proposed Scheme and approved the same by way of letter dated December 19, 2017.
- The RBI has, by way of its letter dated March 13, 2018, provided no-objection to the proposed Scheme. Further, *vide* a letter dated June 8, 2018, the RBI provided its approval to the Amalgamated Company for the incorporation of the Transferee Company.
- The NSE has, pursuant to its letter dated June 1, 2018 provided its no-objection to the proposed Scheme.
- The BSE has, pursuant to its letter dated June 4, 2018 provided its no-objection to the proposed Scheme.

The Scheme remains subject to: (i) approval from the shareholders and creditors of the Amalgamated Company, Amalgamating Company and the Transferee Company; and (ii) the National Company Law Tribunal and other applicable approvals.

## GENERAL RISKS





Specific attention of the readers is invited to “Details of the Scheme” above and “Internal Risk Factors” on page 7.

**NAME OF THE CURRENT STATUTORY AUDITOR**

S.R. Batliboi & Co. LLP

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**PROMOTERS OF TRANSFEREE COMPANY**

The Amalgamated Company is the holding company of the Transferee Company. The Amalgamated Company was incorporated on January 31, 1994, under the provisions of the Companies Act, 1956, and registered with the RBI as a banking company.

The Amalgamated Company provides a wide range of banking and financial products and services to individual consumers and corporate and commercial entities ranging from small businesses to large companies and government entities. The activities of the Amalgamated Company are organized into the following business units: (i) Consumer banking; (ii) Corporate and commercial banking; (iii) Global markets; and (iv) Transaction banking.

The registered office of the Amalgamated Company is located at 2401, General Thimayya Road, Cantonment, Pune – 411001 (with effect from March 27, 1995, prior to which the registered office of the Company was located at 32, Swapna Nagari, Karve Road, Pune – 411001).

The equity shares of the Amalgamated Company are listed on NSE and BSE with security symbol INDUSINDBK and 532187 respectively. The Amalgamated Company has also issued equity shares in connection with the issuance and listing of Global Depository Receipts (“GDRs”), each representing one equity share of the Amalgamated Company. The GDRs are listed on the Luxembourg Stock Exchange. The issued, subscribed and paid up capital of the Amalgamated Company as on September 30, 2018 is Rs. 601,29,62,020 divided into 60,12,96,202 equity shares of Rs. 10 each.

**Promoters of the Amalgamated Company:**

Sr. No.	Name of Promoter	No. of shares held	Percentage (%)
1.	IndusInd International Holdings Limited	6,60,27,767	11.00
2.	IndusInd Limited	2,38,00,000	3.96
<b>Total Shareholding</b>		<b>8,98,27,767</b>	<b>14.96</b>



Names of the 5 (five) largest Group Companies (as per Schedule VIII (Part A)(2)(IX)(C)(2) of the SEBI ICDR Regulations, as amended:

1. IndusInd Bank Limited

**BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY OF THE TRANSFEREE COMPANY**

The Transferee Company was incorporated on August 6, 2018 under the provisions of the Companies Act, 2013 *vide* certificate of incorporation dated August 6, 2018 issued by the Registrar of Companies. The Transferee Company is an unlisted company, having its registered office at One Indiabulls Centre Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400 013.

The Transferee Company is authorized by its Memorandum of Association to, *inter alia*, carry on the business of business correspondent/ business facilitator or authorized agent / sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.

At present, the Transferee Company does not carry on any business activity. Pursuant to the Scheme, and immediately following the amalgamation of the Amalgamating Company with the Amalgamated Company, the Transferred Undertaking shall be transferred to the Transferee Company, and shall be operated out of the Transferee Company. The Transferee Company shall function as a dedicated business correspondent of the Amalgamated Company, thereby ensuring outreach for the Amalgamated Company by leveraging on the existing network of the Amalgamating Company.

<b>BOARD OF DIRECTORS</b>			
<b>Sr. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Experience including current/ past position held in other firms</b>
1.	Romesh Sobti	Director	Mr. Romesh Sobti has been an employee of the Amalgamated Company since 2008, and currently serves as the Managing Director & CEO of the Amalgamated Company.  Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 45 years in the banking sector.
2.	Ramachandra Rao Madapati	Director	Mr. Rao has been an employee of the Amalgamating Company since 2006 and currently serves as the Managing Director and the Chief Executive Officer of the Amalgamating Company.





			Prior to joining the Amalgamating Company, he was associated with ING Vysya Life Insurance, Standard Chartered Bank, American Express and Esanda Finza & Leasing Limited as a senior executive. He has a total experience of 30 years in the financial services sector.
3.	Mr. Suhail Chander	Director	<p>Mr. Suhail Chander has been an employee of the Amalgamated Company since 2008, and currently serves as the Head of Corporate &amp; Commercial Banking Division of the Amalgamated Company.</p> <p>The Amalgamated Company has also appointed Mr. Chander as a nominee director on the Board of Cashpor Micro Credit.</p> <p>Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 35 years in the banking sector.</p>
4.	Mr. Sanjeev Anand	Director	<p>Mr. Sanjeev Anand has been an employee of the Amalgamated Company since 2008, and currently serves as Country Head- Commercial Banking and Deputy Head - Corporate &amp; Commercial Banking Division of the Amalgamated Company.</p> <p>The Amalgamated Company has also appointed Mr. Anand as a nominee director on the Board of Samhita Community Development Services, a company incorporated under Section 8 of the Companies Act, 2013.</p> <p>Prior to joining the Amalgamated Company, he was associated with ABN AMRO BANK. He has a total experience of 26 years in the banking sector.</p>
5.	Mr. Sanjay Mallik	Director	Mr. Sanjay Mallik has been an



		<p>employee of the Amalgamated Company since 2011, and currently serves as the Head of Investor Relations &amp; Strategy team of the Amalgamated Company.</p> <p>Prior to joining the Amalgamated Company, he was associated with BROTKO FINANCIAL SERVICES. He has over 25 years of experience in the banking sector.</p>
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Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/ rights issues, if any, of the Transferee Company in the preceding 10 years: Not Applicable

SHAREHOLDING PRIOR TO THE SCHEME OF THE TRANSFEREE COMPANY					
Sr. No.	Particular	Prior to the Scheme		Post the Scheme	
		No. of shares	% holding of share capital	No. of shares	% holding of share capital
1.	Promoter*	7	100.00	4,37,03,507	100.00
2.	Public	-	-	-	-
	<b>Total</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>100.00</b>

\*Includes shares held by 6 individuals as nominees of the Promoter

#### FINANCIAL INFORMATION OF THE TRANSFEREE COMPANY

Standalone financial information in relation to the Transferee Company:

The Transferee Company was incorporated on August 6, 2018, and does not have any business operations as on the date of this document.

Sr. No.	Particular	For the period from August 6, 2018 being the date of incorporation) till the date of this document
1.	Total income from operations (net)	NIL
2.	Net profit / (Loss) before tax and extraordinary losses	NIL
3.	Net profit/ (Loss) after tax and extraordinary losses	NIL
4.	Equity share capital (issued, subscribed and paid up)	Rs. 70
5.	Reserves and surplus	NIL
6.	Net worth	Rs. 70
7.	Basic earnings per share	NIL
8.	Diluted earnings per share	NIL
9.	Return on net worth (%)	NIL
10.	Net asset value per share	Rs. 10



### INTERNAL RISK FACTORS

The Transferee Company has been recently incorporated with the objective to carry on the business correspondent business and other related services. At present, the Transferee Company does not carry on any business activity.

Once operational, the Transferee Company shall act as a dedicated business correspondent of the Amalgamated Company. The Transferee Company may be exposed to the following risks:

1. **Change in regulatory environment:** The business correspondent services are undertaken as per the regulations/ circulars issued by the RBI. Any major change in the regulations pertaining to the business correspondent activities could affect the business of the Transferee Company.
2. **Competition:** Increased competition due to the presence of other business correspondents is likely to affect the profitability of the Transferee Company.
3. **Retention of human resources:** Acquisition and retention of human resources is the key to the continued scaling of the Transferee Company's business.
4. **Quality Standards:** Failure to maintain quality standards of its services could have an adverse impact on the business of the Transferee Company, the results of its operations and its financial condition.
5. **Information Technology:** The Transferee Company will be reliant on information technology systems in connection with financial controls, risk management and transaction processing, and accordingly, weaknesses, disruption or failures in information technology systems could have an adverse impact on the business of the Transferee Company.
6. **Risk in relation to the MFI Business:** The business of the Transferee Company relates predominantly to microfinance industry and any risk associated with the microfinance business may have an impact on the Transferee Company's business.

### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

1. Total number of outstanding litigations against the Transferee Company and amount involved: **NIL**
2. Brief details of top 5 material outstanding litigations against the Transferee Company and amount involved: **NIL**
3. Regulatory actions, if any – disciplinary actions taken by SEBI/ stock exchanges against the promoters/ group companies in last 5 financial years including outstanding action, if any: **NIL**
4. Brief details of outstanding criminal proceedings against the promoters of the Transferee Company:

S. No.	Parties Involved	Brief Particulars
1.	• Gunjan Shah	A complaint was filed against the officials of the





	<p>(complainant)</p> <ul style="list-style-type: none"> <li>• Amalgamated Company and its officers</li> </ul>	<p>Amalgamated Company in Hazrat Ganj police station, Lucknow.</p> <p>The Amalgamated Company executed a lease deed with respect to certain premises for 9 years. During the term of the lease, the owner sold a unit of the leased land to the complainant. However, the Amalgamated Company continued to make rental payments to the erstwhile owner. The complainant has alleged that the Amalgamated Company was acting in concert with the erstwhile owner and not making payments to the complainant.</p> <p>The Amalgamated Company had filed a writ petition before the High Court of Uttar Pradesh for quashing the complaint and the High Court has issued a stay on arrest the officers named in the complaint till further orders from the High Court.</p> <p>The Amalgamated Company has also filed an arbitration petition before the civil court to settle the matter. The matter is pending listing for hearing.</p>
2.	<ul style="list-style-type: none"> <li>• Sushant Minerals Private Limited (complainant)</li> <li>• Amalgamated Company and its officers</li> </ul>	<p>A case was filed by the complainant before the Judicial Magistrate First Class, Barbil, Orissa (“JMFC”).</p> <p>The complainant had entered into a foreign exchange forward contract with the Amalgamated Company, subject to certain terms. However, the forward contract was cancelled by the Amalgamated Company on account of breach of the contract and the loss was appropriated from the complainant’s account maintained with the Amalgamated Company. The complainant has filed the case against the Amalgamated Company’s action.</p> <p>Pursuant to the JMFC’s order to register the case against the Amalgamated Company and its officers, the Amalgamated Company filed a petition before the High Court of Orissa, seeking quashing of JMFC order. The matter is pending before the High Court.</p>
3.	<ul style="list-style-type: none"> <li>• Anil Kumar</li> <li>• Amalgamated Company</li> </ul>	<p>A case was filed before the Judicial Magistrate First Class, Lakshmgadh (Alwar), Rajasthan, against denial of settlement of claim to the legal heirs of the deceased borrower by an insurance company. The insurance policy was issued by the Amalgamated Company on behalf of the insurance company.</p>





		<p>The Amalgamated Company has filed a quash petition before the Rajasthan High Court which is yet to be heard.</p> <p>Meanwhile, a stay order has been obtained and the matter is pending before JMFC, Laxmangarh, Alwar.</p>
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#### RATIONALE OF THE SCHEME

1. The Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.
2. The Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception.
3. The Amalgamating Company has a commercially established model in the microfinance segment. The Amalgamation shall provide the Amalgamated Company access to the Amalgamating Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India.
4. The Amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Amalgamating Company's customer base to the Amalgamated Company's wide array of products and services.
5. The Amalgamated Company can, pursuant to the Amalgamation, leverage the Amalgamating Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Amalgamating Company and the Amalgamated Company.
6. The Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for its future growth.
7. The Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, *inter alia*, prohibit a banking company from carrying on the business correspondent business directly.



**ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER/  
TRANSFEREE COMPANY**

NIL

**DECLARATION BY THE TRANSFEREE COMPANY**

We hereby declare that all applicable provisions of the format of an abridged prospectus as set out in the SEBI Scheme Circular and Part D of Schedule VIII of the SEBI ICDR Regulations have been complied with. We further certify that all statements with respect to us in this document are true and correct.

For **IndusInd Financial Inclusion Limited**



Name: Alok Suryakant Desai  
Designation: Company Secretary  
Membership No. ACS 47550  
Place: Mumbai  
Date: October 17, 2018



Morgan Stanley India  
Company Private Limited

Registered Office:  
18F, Tower 2  
One Indiabulls Centre  
841, Senapati Bapat Marg  
Mumbai 400 013, India  
tel (91) 22 6118 1000  
fax (91) 22 6118 1011

Morgan Stanley

Date: October 17, 2018

To

**The Board of Directors**  
IndusInd Bank Limited  
2401, General Thimayya Road  
Cantonment,  
Pune – 411 001

Sub: **Proposed scheme of amalgamation and arrangement among IndusInd Financial Inclusion Limited, IndusInd Bank Limited and Bharat Financial Inclusion Limited (the “Composite Scheme of Arrangement”)**

Dear Sir/ Madam,

1. As required under the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended, (the “SEBI Circular”) we have examined the documents and other information provided to us (as listed in the Annexure hereto) in connection with the disclosures to be included in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the SEBI Circular CIR/CFD/DIL/7/2015 dated October 30, 2015, as applicable (the “Document”), in the explanatory statement to the notice to be sent to shareholders of IndusInd Bank Limited (“IBL”) pertaining to a transfer of the BC Business (as defined in the Composite Scheme of Arrangement) from IBL, a listed company, to IndusInd Financial Inclusion Limited (“IFIL”), an unlisted company and a wholly owned subsidiary of IBL, as part of the Composite Scheme of Arrangement.
2. Accordingly, we hereby confirm that the information relating to IFIL to be included in the Document, is accurate and adequate in terms of paragraph 3(a) of Annexure I of the SEBI Circular read with the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and SEBI Circular CIR/CFD/DIL/7/2015 dated October 30, 2015, as applicable.
3. The above confirmation is based on the information furnished and explanations provided to us by the management of IBL and IFIL and on the assumption that such information is complete and accurate in all material aspects. We have relied upon financials, information and representations furnished to us by IBL and IFIL and have not carried out an audit of such information. Our scope of work does not constitute an audit of financial information and accordingly we are unable to and do not express an opinion on the fairness of any such financial information referred to in the Document. This certificate is based on the information as at October 17, 2018. This certificate is for a specific purpose issued in terms of the SEBI Circular and hence, it should not be used for any other purpose or transaction. This certificate is not, nor should it construed to be, a certification of



Stock Broker - SEBI Registration Nos: NSE-INB/INF 231054231, BSE-INB 011054237  
Compliance Officer: Anil Shenoy Email: anil.shenoy@morganstanley.com Tel: (91) 22 61181505

CIN U22990MH1998PTC115305



## Morgan Stanley

compliance of the Composite Scheme of Arrangement with the provisions of applicable laws including corporate, taxation and securities markets related laws or as regards to any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

4. We express no opinion whatsoever and make no recommendation at all as to the decision of IBL and/or IFIL to effect the Composite Scheme of Arrangement or as to how the holders of equity shares or secured or unsecured creditors (as the case may be) of Bharat Financial Inclusion Limited, IBL and IFIL should vote at their respective meetings held in connection with the Composite Scheme of Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the Composite Scheme of Arrangement or its success. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of IBL will trade following the Composite Scheme of Arrangement or as to the financial performance of IBL or IFIL following the consummation of the Composite Scheme of Arrangement. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether the shareholders/investors should buy, sell or hold any stake in IBL or any of its related parties (holding company/subsidiaries/associates, etc.).

Thanking you,

Sincerely,

For Morgan Stanley India Company Private Limited



Authorized Signatory

Name: RAHUL JAIN

Designation: VP

Contact Number: 61183363

Email ID: rahul.jain@morganstanley.com



**Annexure**

**List of documents/information reviewed**

1. Composite Scheme of Arrangement among IFIL, IBL, Bharat Financial Inclusion Limited and their respective shareholders and creditors
2. Certificate of Incorporation of IFIL
3. SPICe (Form INC-32) for incorporation of IFIL
4. Memorandum of Association of IFIL
5. Report dated August 13, 2018 issued by MSKA & Associates in relation to the valuation of BC Business of Bharat Financial Inclusion Limited and determination of shares to be issued by IFIL
6. Certified copy of the resolution of the board of directors of IFIL passed on August 14, 2018 for appointment of statutory auditors
7. Certified copy of the resolution of the board of directors of IFIL passed on August 14, 2018 for approval of the Composite Scheme of Arrangement
8. Letters dated October 15, 2018 and October 17, 2018 by Bharat Financial Inclusion Limited and IBL respectively in relation to the current/past position of the directors of IFIL;
9. Form DIR-2 in relation to directors of IFIL
10. No-objection certificate issued by Indiabulls Properties Private Limited in relation to the use of the licensed premises as the office of IFIL
11. Bank statement of IFIL for the period of September 10, 2018 until October 12, 2018;
12. Regulatory approvals received in relation to the transaction:
  - (i) Approval from the Competition Commission of India dated December 19, 2017
  - (ii) Approval from the National Stock Exchange of India Limited dated June 1, 2018
  - (iii) Approval from the BSE Limited dated June 4, 2018
  - (iv) No objection from the Reserve Bank of India for the amalgamation dated March 13, 2018
  - (v) Approval from the Reserve Bank of India for the incorporation of IFIL dated June 8, 2018.



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**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

**BHARAT FINANCIAL INCLUSION LIMITED**

**Corporate Identity No. (CIN):** L65999MH2003PLC250504

**Registered Office:** Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India  
**Head Office:** 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh, Begumpet, Hyderabad 500016, Telangana, India  
**Tel. No.:** +91 22 26592375 / +91 40 44526000; **Fax No.:** +91 22 26592375 / +91 40 44526001  
**Email:** complianceofficer@bfil.co.in; **Website:** www.bfil.co.in

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 922 OF 2018**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement among Bharat Financial Inclusion Limited ("**Applicant Company**" or "**Company**" or "**Amalgamating Company**"), IndusInd Bank Limited ("**Amalgamated Company**") and IndusInd Financial Inclusion Limited ("**Transferee Company**") and their respective shareholders and creditors.

<p><b>Bharat Financial Inclusion Limited</b> [CIN: L65999MH2003PLC250504], )  a company incorporated under the Companies Act, 1956 and having )  its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, )  Bandra (East), Mumbai 400051, Maharashtra, India ) ... Applicant Company</p>
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**Form No. MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Secured Creditor(s) : .....

Registered address : .....

E-mail ID : .....

Value of debt : .....

I/We, being the member(s) of Bharat Financial Inclusion Limited, hereby appoint:

1. Name : ..... E-mail ID : .....

Address: .....

..... Signature: ..... or failing him

2. Name : ..... E-mail ID : .....

Address: .....

..... Signature: ..... or failing him

3. Name : ..... E-mail ID : .....

Address: .....

..... Signature: ..... or failing him

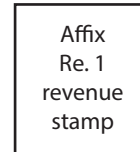
as my/our Proxy to attend and vote for me/us and on my/our behalf at the meeting of the secured creditors convened under the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench to be held at Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 2:30 p.m. (IST) and at any adjournment or adjournments thereof in respect of such resolution as is indicated below:

Resolution No.	Resolution
1.	Approval of the Composite Scheme of Arrangement among Bharat Financial Inclusion Limited, IndusInd Bank Limited and IndusInd Financial Inclusion Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of the Secured Creditor(s) \_\_\_\_\_

Signature of the Proxy Holder(s) \_\_\_\_\_



(Signature across the stamp)

**Notes:**

**This proxy form in order to be effective should be duly completed and request to deposit at the registered office of the Company at Unit No. 410, Madhava, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra or head office at 3rd Floor, My Home Tycoon, Block A, Kundanbagh, Begumpet, Hyderabad 500016, Telangana, India well in advance before the scheduled time of the commencement of the Meeting.**

1. All alterations in the proxy form should be initialled.
2. Please affix appropriate revenue stamp before putting signature.
3. Proxy need not be a shareholder of the Company.
4. No person shall be appointed as a proxy who is a minor.
5. For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the Equity Shareholders of the Company.





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### **ATTENDANCE SLIP**

**MEETING CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL OF THE SECURED CREDITOR ON TUESDAY, DECEMBER 11, 2018 AT SALON VALLIERE DUBARRY, SOFITEL MUMBAI BKC, C-57, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI 400 051, MAHARASHTRA, INDIA**

I/We hereby record my/our presence at the meeting of the secured creditor of the Company, convened pursuant to an Order dated October 31, 2018 of Hon'ble National Company Law Tribunal, Mumbai Bench at Salon Valliere Dubarry, Sofitel Mumbai BKC, C-57, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India on Tuesday, December 11, 2018 at 2:30 p.m. (IST).

Name and address of the .....  
Secured Creditor  
(IN BLOCK LETTERS)

Signature : .....

Value of debt : .....

Name of the Proxy\* .....  
(IN BLOCK LETTERS)

Signature : .....

\* (To be filled in by the Proxy in case he/she attends instead of the shareholder).

#### **Notes:**

1. Only Member/ Proxy holder can attend the Meeting.
2. Please complete the Folio No./ DP ID No. Client ID No. and name of the Member/ Proxy holder sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. A Member/ Proxy holder attending the meeting should bring copy of the Notice for reference at the meeting.

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